

McClellan resolution requesting the President to make reductions, within certain limits, of various amounts and items.

I do not believe any tax increase is necessary, and I shall oppose any. I believe that the Congress should and will take effective steps, outside the realm of increasing taxes, to relieve our present and prospective 1950 deficit. But if all efforts fail, and if I am driven to a choice between deficit financing and raising taxes, I will vote for a well-framed and considered tax bill—but under great protest—and this tax to apply for 1 year only. As ill-considered as this might be, it would nevertheless be an effective and firm stand against deficit financing. It would let our own people, as well as the people of all nations of the world, know that we mean what we say when we proclaim that our fiscal affairs will stand on a sound basis at all hazards. Any other course is not only unsound, but it will eventually be suicidal.

I am not pleased over what seems to be our attitude here toward this far-reaching and basic problem. I have seen our course on fiscal affairs unfold, and am now realizing the implications. I have voted for the appropriations so far considered this year, whose totals shall contribute toward an unbalanced budget. As the picture develops and becomes clearer, my path of duty becomes plain. You may place my name high on the list of those who have realized where we are drifting, and also high on the list of those who feel duty-bound to go any reasonable limit to do something about it now, at once, and for the years to come. My plea is not merely a temporary plea for "sound financing" as the term is sometimes used; I plead for a permanent abandonment of deficit financing except in war or other equally extreme conditions. I plead for practical action now that will return our fiscal affairs to a sound basis, because I feel that I know in my own mind that this is absolutely necessary over the years for an effective defense program, for a domestic program of service, and foremost of all, for a continuation of our personal freedom for all and a continuation of opportunities for our youth.

Sound governmental financing being clearly indispensable to a continuation of our freedom and our progress and our defense, let us courageously set ourselves by this polestar and our course, though at times rugged, will be safe for us all.

For us, the Congress, to fail the people on this vital point will be nothing less than political sin.

And now, Mr. President, I indulge the hope that I have arrested the attention of some of my hearers, or that those who read the RECORD may pause and give thought to this problem; but failing in each of these, I have at least tied myself down, and this is a course that I must respectfully recommend to each of my colleagues who has not already traveled this perplexing path.

CONSIDERATION OF NOMINATIONS

Mr. PEPPER. Mr. President, I move that the Senate proceed to the consideration of Order No. 1914 on the Executive

Calendar and the remaining nominations on the calendar.

The motion was agreed to.

UNITED STATES CUSTOMS COURT

The Chief Clerk read the nomination of Morgan Ford to be judge of the United States Customs Court.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES MARSHAL

The Chief Clerk read the nomination of John E. Sloan to be United States marshal for the western district of Pennsylvania.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES PUBLIC HEALTH SERVICE

The Chief Clerk proceeded to read sundry nominations to the United States Public Health Service.

Mr. PEPPER. I move that the Public Health Service nominations be confirmed en bloc.

THE PRESIDING OFFICER. Without objection, the nominations in the United States Public Health Service are confirmed en bloc.

Mr. PEPPER. I ask that the President be immediately notified of all nominations confirmed today.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

RECESS

Mr. PEPPER. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 43 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, July 13, 1949, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate July 12 (legislative day of June 2), 1949:

UNITED STATES MARSHAL

Joseph P. Regan to be United States marshal for the district of Kansas, vice William M. Lindsay, term expired.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 12 (legislative day of June 2), 1949:

UNITED STATES CUSTOMS COURT

To be judge of the United States Customs Court

Morgan Ford

UNITED STATES MARSHAL

To be United States marshal for the western district of Pennsylvania

John E. Sloan

UNITED STATES PUBLIC HEALTH SERVICE

APPOINTMENTS AND PROMOTIONS IN THE REGULAR CORPS OF THE PUBLIC HEALTH SERVICE

To be senior surgeon (equivalent to the Army rank of lieutenant colonel), effective date of acceptance

Paul W. Kabler

To be surgeons (equivalent to the Army rank of major), effective date of acceptance

Wilton M. Fisher
Lawrence L. Swan
Thomas L. Shinnick

To be sanitary engineers (equivalent to the Army rank of major), effective date of acceptance

Charles D. Yaffe
Glen J. Hopkins
Louis F. Warrick

To be scientist (equivalent to the Army rank of major), effective date of acceptance

Robert E. Serfling

To be senior sanitarian (equivalent to the Army rank of lieutenant colonel), effective date of acceptance

Glen M. Kohls

To be sanitarians (equivalent to the Army rank of major), effective date of acceptance

Maurice E. Odoroff
Nell McKeever

To be nurse officers (equivalent to the Army rank of major), effective date of acceptance

Eleanor C. Bailey
Avis Van Lew
Lorena J. Murray

To be senior dietitian (equivalent to the Army rank of lieutenant colonel), effective date of acceptance

Margaret E. Perry

To be assistant sanitary engineer (equivalent to the Army rank of first lieutenant)

Charles E. Sponagle

HOUSE OF REPRESENTATIVES

TUESDAY, JULY 12, 1949

The House met at 12 o'clock noon.

Rev. Theodore C. Mayer, pastor of the Methodist Church, Wooster, Ohio, offered the following prayer:

Our Heavenly Father, we come to Thee seeking Thy help that we may measure up to the demands of this day. Too long we have sought Thy blessing for our plans, but today we would seek to know Thy will and, in following it, receive Thy blessing.

Too often we have only prayed for the coming of Thy Kingdom, and have wondered why it tarried so long; but today we would seek first Thy Kingdom and in seeking it we shall find it.

Too soon we have stopped our praying and begun what we called the work of the day, but today we would work in the attitude of prayer, placing our trust in Thee and doing all in the spirit of Thy Son, Jesus, in whose name we work. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. LANE asked and was given permission to extend his remarks in the RECORD in four instances and include extraneous matter.

Mr. ENGLE of California asked and was given permission to extend his remarks in the RECORD and include an editorial.

THE HATCH ACT

Mr. SUTTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. SUTTON. Mr. Speaker, today I am introducing a bill to repeal as much of the Hatch Act as prohibits certain officers of the Federal and State governments and members of the armed services of the United States in taking an active part in political management or political campaigns.

The Hatch Act in its present form prohibits a multitude of sins, the prohibition of which I agree with 100 percent. However, it is my opinion that every natural, native-born person should be permitted to exercise his or her prerogatives in connection with the election of public officials.

This Government being founded on the principles of the people, for the people, and by the people, in my opinion, should be at all times governed by the people. If this principle of democracy is to be followed, it is certainly undemocratic to prohibit those who are carrying out the mandates of the law from engaging in political activities.

Many holders of appointive offices are very familiar with the operation of the Government and the requirements connected with public offices. Because of their experience, they are well aware of the type of individual that should be elected to reflect the wishes of the American people but, because of certain provisions of the Hatch Act, they are prohibited from exercising their inherent right, to wit, taking an active part in political campaigns. For that reason, I hope that the bill that I am introducing today will be enacted.

I realize that other provisions of the original Hatch Act should be left in full force and effect, and, for that reason, my bill only relates to those prohibitions denying employees of Federal and State governments and members of the armed forces from taking part in political campaigns.

ARMED SERVICES UNIFICATION

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BROOKS. Mr. Speaker, the country will be shocked, I know, to learn that the House Committee on Armed Services this morning killed the unification bill by a vote of 13 to 12. The committee voted to postpone any further action on the bill which was just about ready to be voted upon until after the conclusion of the investigation of the B-36. The committee staff is working on an investigation of the B-36; and according to them, it is going to be impossible to conclude that investigation prior to the adjournment of Congress. So I say advisedly that unification is dead for this year in Congress.

I think the country will be interested, too, to know that ex-President Hoover testified that a proper unification bill would save this country \$1,000,000,000. Other witnesses also testified that it would save from two to two and a half billion dollars if we put through a unification bill instead of killing it.

ARMED SERVICES UNIFICATION

Mr. VINSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. VINSON. Mr. Speaker, the distinguished gentleman from Louisiana has informed the House of the action of the Committee on Armed Services. The committee had finished its hearings and had rewritten the bill. It was up for a final vote this morning when a motion was made to postpone further consideration of the bill until after the B-36 hearings are completed. I want to assure the House that counsels for the B-36 hearings, who were selected last week, have started investigation and I will drive as vigorously as I know how to have the investigation completed so that at the very earliest possible date the committee may resume its hearings on what is known as the Tydings bill. I am for the bill. There are amendments which I think are essential safeguards. But the committee in its wisdom has deferred action until the B-36 hearings are completed.

Mr. SHORT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SHORT. Mr. Speaker, when the American people know all the facts involved in the pending legislation, S. 1843, coupled with some other legislation, they will not be at all shocked, but will be grateful to the Committee on Armed Services for holding up this legislation temporarily at least.

Our distinguished chairman of the Committee on Armed Services is eminently fair always. Originally his position was to defer this legislation until a later date, but when he was pounced upon by my good friend and colleague, the gentleman from Ohio [Mr. BROWN], trying to rush the thing through, he went to work and he has worked long, hard, and diligently. I am inclined to favor this bill, but from the beginning I have thought it should be considered after investigation of the B-36. In fact, the chairman, the gentleman from Georgia [Mr. VINSON], the gentleman from Louisiana [Mr. BROOKS], and the gentleman from California [Mr. JOHN-SON] and I are about the only ones, with the exception perhaps of three or four younger Members, who are in favor of it. Many of our Members, and the close vote taken today shows it, entertain grave doubts. If you want to save a billion dollars a year and carry out the recommendation of the Hoover Commis-

sion, you can take title IV of this bill and it would pass the committee, I dare say, unanimously. I shall offer title IV as a separate bill today. This will give us efficiency and economy immediately and we can postpone consideration of the highly controversial features of S. 1843 until after further study.

Mr. PRICE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PRICE. Mr. Speaker, I hesitate to prolong this discussion, but I have a very strong feeling on the matter. I thoroughly share the views of the gentleman from Louisiana [Mr. BROOKS]. I feel that by the action taken by our committee this morning we have prevented any action on the tightening of the military unification act during this present session of Congress. Despite the assurance of our chairman, for whom I certainly have the greatest respect, I know something about these congressional investigations. I have been tied up in one on the Senate side for almost 2 months now, and I know that when you get into these investigations, they are prolonged and no one can foretell the end of them.

So I have a feeling a little bit different from that of my chairman that the committee in its wisdom this morning decided to postpone this hearing until the conclusion of the investigation on the B-36 matter. I might say the committee in its lack of wisdom reached its decision this morning.

EXTENSION OF REMARKS

Mr. HOWELL asked and was given permission to extend his remarks in the RECORD and include a newsletter of the French General Conference.

PAY RAISE FOR POSTAL EMPLOYEES

Mr. WAGNER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. WAGNER. Mr. Speaker, I notice that last week the Committee on Post Office and Civil Service brought before this House a bill with reference to the amount of compensation paid to members of the Cabinet and to different gentlemen in the executive departments. I know that this committee has a great deal of work on its hands but I sincerely hope that they accelerate the hearings which are now in progress and that before this session is concluded they will bring to the floor of this House a bill designed to finally recognize the fact that the employees of our Post Office Department are greatly underpaid and should receive a raise in salary, and also obtain further benefits as proposed in several measures pending before the committee.

The SPEAKER. The time of the gentleman from Ohio has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. WALTER. Mr. Speaker, I ask unanimous consent to address the House

for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

[Mr. WALTER addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. MILLEF of California asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

THE TYDINGS BILL

Mr. JOHNSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JOHNSON. Mr. Speaker, I was very sorry to see the Tydings bill, as amended by the House Armed Services Committee, postponed today. I am one of those who firmly believes that if we are going to have a system of defense we must give enough power to the headman to run the entire organization under his supervision. That bill as it was modified in our committee does exactly that. The B-36 investigation undoubtedly will be a very thorough and painstaking investigation. Unfortunately, the Secretary of Defense, who bears my name, wrote a memorandum, or rather Mr. Early, his assistant, did, from which it could be implied that he wanted to have all the testimony pass through his hands. The inference that some make, although I did not make it myself, would be that he would try to censor, to a certain extent, and regiment the testimony. I think if it develops that he is trying to do that it would react very unfavorably against him. But I hope that we can get the Tydings bill before the House before this Congress adjourns, as that will bring real unification, which will result in much economy.

The SPEAKER. The time of the gentleman from California has expired.

CONDUCT OF FEDERAL JUDGE

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DONDERO. Mr. Speaker, I had not intended to take the floor this morning until my good friend the gentleman from Pennsylvania [Mr. WALTER] said something about the trial in New York.

Regardless of what has been said about bias and prejudice in the Hiss case, as one who has spent nearly a quarter of a century in the courts of the land, I know something about court procedure. When five members of the jury, as appears in an article in the New York Herald Tribune this morning, make the statement that they believe the judge was biased and prejudiced against the Government and in favor of the defendant, Hiss, certainly there appears

firm ground for the charges made that the trial was unfair. The jurors, with the attorneys in the case, had the privilege and opportunity of watching the judge, hearing what he had to say, seeing his complete demeanor and attitude on the bench, hearing the inflections of his voice, and having the advantage of noting the gestures of the judge in regard to the case. The trial judge shaking hands with character witnesses in the case in the presence of the jury is an example of the court's conduct. It had its probable effect on the jury. When facts such as that are considered there is ample basis for the statement of the five jurors and Congressmen Nixon and CASE of the Committee on Un-American Activities that Judge Kaufman was prejudiced against the Government and in favor of the defendant, Hiss.

EXTENSION OF REMARKS

Mr. DONDERO asked and was given permission to extend his remarks in the Appendix of the RECORD and include a newspaper article.

Mr. POTTER asked and was given permission to extend his remarks in the Appendix of the RECORD and include Senate Concurrent Resolution 44 of the Michigan State Legislature.

Mr. KEATING asked and was given permission to extend his remarks in the RECORD and include an editorial.

BURDENSOME EXCISE TAXES

Mr. KEATING. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KEATING. Mr. Speaker, unquestionably the President is on firm ground when he concedes the error of his ways and withdraws his insistence upon a tax increase at this time. His willingness, even though belated, to face up to the realities of the economic picture in this respect is to be commended.

It is disappointing that the only reduction in taxes which he recommended has to do with the excise tax on the transportation of goods.

I can think of no greater spur to business activity than would be afforded by favorable action on the bill of our distinguished minority leader to eliminate or reduce many of the Federal sales taxes imposed originally to secure extra revenue for the prosecution of a war, but still continued, and now threatening to become a permanent fixture in our economic picture unless action is taken promptly to grapple with temptation. So long as we continue to open added sources of revenue to the Federal Government, we will look in vain for substantial economies. Only the compulsion of necessity will force cuts in our budget which all of us know can, and should be, made.

If the Martin bill needs amendment, the Committee on Ways and Means should get on with the task of presenting to us a measure relating to these Federal sales taxes which it considers

sound. The inaction which has characterized this committee in the present Congress is regrettable in the light of the opportunities for constructive service afforded it.

It should not be necessary for this committee to take its dictation from the President or be guided only by his views in charting its future course.

The other great disappointment, of course, in the President's message came in the continuance of his adherence to the principle that the Government must spend its way out of the present period of recession. Just as the elimination of excise taxes is a sure key to business revival in many fields, increased deficit financing and unwillingness to accept reductions at any point in governmental spending is an infallible source for creating lack of confidence on the part of business and thereby accelerating the present downward trend. Before it is too late, we should promptly and emphatically disavow our willingness, as Members of Congress, to go along with such a theory which has proved disastrous in the past and clearly portends nothing but danger for the future.

PERMISSION TO ADDRESS THE HOUSE

Mr. VURSELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

[Mr. VURSELL addressed the House. His remarks appear in the Appendix.]

HUGH D. SCOTT, JR., CHAIRMAN OF THE REPUBLICAN NATIONAL COMMITTEE

Mr. JACKSON of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JACKSON of California. Mr. Speaker, I would like to associate myself with and concur in the remarks just made by the distinguished gentleman from Illinois [Mr. VURSELL]. Partisan politics aside, I have always found the distinguished gentleman, our colleague from Pennsylvania [Mr. HUGH D. SCOTT, JR.] to be sincere, able, and forthright. It is true that I personally do not go into transports of delight over the gentleman responsible for Mr. SCOTT's appointment in the first instance. In light of that fact I can speak with a degree of impartiality. I have found that the gentleman from Pennsylvania [Mr. HUGH D. SCOTT, JR.] is a man of his word and a man of high principle. I call that to the attention of the national committee hatchet-men. I have found his character to be above reproach in all respects and I trust that not only will this House have the benefit of long continued and effective service but also that those beating the tom-toms for his dismissal as chairman of the Republican National Committee will take into consideration the virtues and the characteristics which have endeared him to us who have come to know him so well.

EXTENSION OF REMARKS

Mr. WERDEL (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks in the RECORD.

SPECIAL ORDER

Mr. JAVITS. Mr. Speaker, I ask unanimous consent that the special order I have for today be transferred to Thursday next.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

THE PRESIDENT AND HIS PROMISES

Mr. JENKINS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JENKINS. Mr. Speaker, the President in the last campaign was profligate in his promises.

Apparently in an effort to make good, he presented to Congress the largest budget by several billions that any President ever presented in peacetimes.

In his effort to emulate Roosevelt he thinks that spend and elect are political synonyms.

He demanded that Congress increase taxes by four thousand millions, which Congress has refused to do.

Instead of realizing that debt and communism are two of America's most serious problems, he laughs at debt and jokes about communism.

As a result, he has brought upon the country a serious depression, and his "red herring" is now engaging our courts in long and disgraceful trials.

Yesterday in his message to Congress he has reluctantly abandoned his demand for more taxes.

He still clings to his impossible theory that prices can be lowered without lowering the cost of production.

For purely political purposes he understates the facts with reference to the depression.

He refuses to recognize that the three principal problems facing the country now are:

First. Extravagant Government spending;

Second. The seriousness of unemployment in the country; and

Third. The dangerous trends of our country toward communism and toward foreign alliances from which we will never be able to extricate ourselves.

Mr. Truman, you are the President of the greatest Nation in the world. You should demean yourself accordingly. You are serving future generations and eternity. Eternity is a long time.

EXTENSION OF REMARKS

Mr. JENKINS asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. MERROW asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article written by him appearing in a New Hampshire newspaper.

Mr. LEMKE asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. ELSTON asked and was given permission to extend his remarks in the RECORD and include an article from the Cincinnati Enquirer by Mr. Bromfield.

Mr. McDONOUGH asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and include an article.

Mr. RICH asked and was given permission to extend his remarks in the Appendix of the RECORD and include a statement entitled "We Go Back to Deficit Spending" by the secretary of the Council of the State Chambers of Commerce.

Mr. MARSHALL asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mr. KARST asked and was given permission to extend his remarks in the RECORD and include a letter.

GOVERNMENT EXPENDITURES

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I wonder what has happened to the report of the Joint Committee on the Legislative Budget. That committee was supposed to have reported on the 15th of February the amount of money we are spending and the amount of receipts we are taking in. I would like to know why that committee does not function.

If you will read the statement I now insert in the Appendix of the RECORD, you will find that last year we had a credit to the good of the Government of \$8,419,000,000, while on June 30 of this present year the Government was in the red to the extent of \$1,811,000,000. The first figure came from the Eightieth Congress and the last is due to the spending of the "Eighty-worst" Congress. The difference is \$10,230,000,000. Some difference, I would say.

Mr. Speaker, last year we spent \$1,811,000,000 more than we took in. Every one of the Members ought to know enough to balance the budget.

We should be ready at all times to see that our house is in proper financial order. We cannot continue this deficit spending and keep solvent; we cannot give everybody everything they want and expect to keep solvent. You must be able to say no. It is necessary to say no. The President should not ask for all the New Deal proposals that he has—they are ruinous to our Government—such as socialized medicine, aid for education, arming all countries of the world, the St. Lawrence seaway, and so forth, and so forth. Let us stop spending, go home, and give the country a rest from this squandering administration.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

EXTENSION OF REMARKS

Mr. TOLLEFSON asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. MACY asked and was given permission to extend his remarks in the RECORD and include two editorials.

CALENDAR WEDNESDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of this week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

RURAL TELEPHONE SERVICE

Mr. COLMER. Mr. Speaker, I call up House Resolution 267 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and the ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. COLMER. Mr. Speaker, this resolution makes in order the consideration of H. R. 2960, the rural telephone bill, which is an amendment to the Rural Electrification Act. Mr. Speaker, I believe that possibly the greatest service that has been rendered the rural people of this country was the passage of the Rural Electrification Act. It has certainly brought greater benefits to the rural people of this great country of ours than any other piece of legislation enacted under the so-called New Deal program.

Mr. Speaker, I am an old-fashioned American. I believe that in order to have a healthy America we must have a healthy rural people. If it is left to the people of the rural areas of this great country we would never have any communism or any other foreignism. The rural people of this country are possibly more responsible for the splendid system of free government that we enjoy than any other segment of our people. I do not mean by that to cast any aspersions upon those who dwell in our great urban centers. But, I think it is a matter of common knowledge that these foreignisms originate and flourish more in the congested centers than they do in the rural areas. Therefore, if we are to continue as a great free people it seems to me that one of the primary considerations and objectives of ours is to see that

our rural people are prosperous and are content, and thereby stem, so far as possible, the constant trend of our people to move into the congested areas of our great urban centers. So this is another step to bring about that healthy condition in our rural areas to try to prevent, so far as possible, the trend of our rural people to move into the great urban centers.

I believe in free enterprise. I believe it is the basic success of our system. This bill is not in conflict with that philosophy, but I should like to pause in passing to say that if our private enterprise system would exercise itself a little more to bring the benefit of modern inventions and modern improvements within the grasp of our rural people, Federal assistance to rural electrification and rural telephones would not be necessary. Since this legislation has been introduced, private enterprise engaged in these particular areas has exercised itself considerably to give the benefit of rural telephone service to the rural people of this country.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I would be glad to yield to my distinguished and long-time friend, for whom I have great admiration and to whom some day the people of this country will erect a monument, for—like Cato of old, who always arose and said that Carthage must be destroyed—my friend arises in this Hall and tells the people that they must cut down on their spending. He is so imminently correct.

Mr. RICH. I thank the gentleman.

If the telephone people of this country now are extending their lines out into the rural areas, knowing what has happened in the past in regard to rural electrification and things of that kind, does not the gentleman believe that the private enterprise system will now continue to extend the telephone service so that it will be in reach of every community in this country? If we give them a little more time, and if they do do that, then will we not save the Government from branching out into these lines of private endeavor in competition with the private enterprise system? If we are not careful what we do, we will kill the private enterprise system just as sure as little apples grow.

Mr. COLMER. Private enterprise has been slow in doing anything about this, just as it was in the case of rural electrification. It began to exercise itself when this legislation was first fostered. If private enterprise will continue to exercise itself, it will be given the opportunity to do the job, under the philosophy of this legislation.

Mr. YOUNG. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield.

Mr. YOUNG. Is it not a fact that the Rural Electrification Administration represents one of the great achievements of this Nation during the last 15 years, and is it not a fact that at the time the rural-electrification measure was before the Congress of the United States, the same argument was made by its opponents as is now made by the gentleman from Pennsylvania against this very

fine amendment proposed to the Rural Electrification Administration Act which would extend that act to include rural telephones?

I favor this legislation, as does the gentleman from Mississippi, and I believe that the House of Representatives will do a great public service today in passing this legislation.

Mr. COLMER. My friend from Pennsylvania wants to answer that question. I yield to him for that purpose.

Mr. RICH. I am not interested in trying to keep the people of this country from getting some of the benefits, but I am trying to keep this country solvent. I want to say to my friend on the other side of the aisle who wants to criticize me for anything that I might do or say, that I am subject and open to any criticism which might come to me, but I want to tell you that when the Rural Electrification Administration goes out as it has been doing for the last 2 or 3 years trying to build power plants to compete with private enterprise, when they are not necessary, it is just incurring an added expense for the Government which should not exist. I do not care where or how it is, but we should be very careful that we do not kill private enterprise because we are going into socialism just so fast that some day you will be the fellow who is ruined. Then do not blame it on me, because I tried to keep the private-enterprise system, which has made this country the greatest country on the face of the earth in 170 years. That has not been accomplished by socialism. Look what has happened to Great Britain now. Do you want to get in the same position that they are in over there? God forbid.

Mr. COLMER. Let me say to my friend from Pennsylvania that there is not a great deal of difference between his philosophy and mine, both in general, and particularly in this matter. My argument is that this will render a service that private enterprise has not rendered and that now private enterprise will be given the opportunity to render that service with the assistance afforded in this bill.

Mr. YOUNG. If the gentleman will yield further for just an observation—the passage of this legislation will in fact save the taxpayers of this Nation money instead of causing additional expenditures.

Mr. COLMER. I yield to the gentleman from North Carolina, the chairman of the committee.

Mr. COOLEY. I would just like to point out to the gentleman from Pennsylvania that according to information supplied to the committee in 1920 43½ percent of the farms in Pennsylvania had telephones and as late as 1945 only 40.4 percent of the farms had telephones.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield to the gentleman from Missouri.

Mr. SHORT. I am glad that the able gentleman from Mississippi pointed out that there is not so much difference between the proponents and opponents of this legislation, if they really understood it. I think most of us believe in private enterprise, but we will agree with the

gentleman from Mississippi that private industry in the past has gone only into the cream districts and have neglected the skimmed milk districts of this country. The remote rural areas of America are entitled to electric power which will shift the burdens of the world's work from the backs of men and women to muscles of iron and steel. And they are entitled to this telephone service so long as it is not built along parallel lines so as to destroy private investments of individual citizens who are engaged in lawful and legitimate enterprise.

Mr. COLMER. I thank the gentleman from Missouri for his usually splendid contribution.

Mr. POAGE. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield to the author of the bill, the gentleman from Texas [Mr. POAGE], who is to be congratulated for piloting this splendid piece of legislation from his committee.

Mr. POAGE. I want to call the attention of my friend, the gentleman from Pennsylvania, to two sets of figures. The figures for Pennsylvania have been called to the gentleman's attention. The United States as a whole has actually lost rural telephones, or at least a percentage of rural telephones has decreased since 1920. In 1920 there were 38.7 percent of the rural homes of America supplied with some form of rural telephone. In 1945, the last year for which there are census figures, there were only 31.8 percent.

Let me call attention further to the fact that in 1935, when the REA began its operations and made its first loans in 1936 for the extension of electric lines in this country, about 11 percent of the rural homes of America had electric connections, whereas about 22 percent, or almost twice as many, had telephones at that time. Today the figures are almost exactly the reverse. There are almost exactly twice as many rural homes with electricity as there are rural homes with telephones. In other words, under the assistance of the REA, we have increased rural electrification from 11 percent to approximately 75 percent in this Nation. During the same period of time the Nation has lost in the percentage of rural homes supplied with telephone service.

Mr. COLMER. Mr. Speaker, I thank the gentleman for his observation.

I said in the beginning that the REA had furnished a great service to the rural people of this great country of ours. I can think of nothing that would be of greater service than to give them the benefit of rural telephone service. Certainly, if they need electric lights, they need this method of communication, which is enjoyed by our urban residents everywhere.

Mr. SHORT. Mr. Speaker, will the gentleman yield further?

Mr. COLMER. I yield.

Mr. SHORT. Since the telephone poles are already erected, what objection could there be to stringing a telephone wire under the electric wire, to serve these people in the remote areas that often need help in times of emergency, for instance, when they have to call a doctor?

Mr. COLMER. Of course, that is the plan that is intended under this legislation.

Mr. Speaker, I now yield 30 minutes to the gentleman from Illinois [Mr. ALLEN], and I reserve the remainder of my time.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, this rule makes in order consideration of H. R. 2960, a bill to amend the Rural Electrification Act, to provide for rural telephones, and for other purposes.

Getting away from the apparent—and I repeat apparent—harmlessness of the preamble, really what does this bill do?

It authorizes and empowers the Administrator of Rural Electrification to make loans for a 35-year period, with interest at the rate of 2 percent for the purpose of financing or refinancing the improvement, expansion, construction, acquisition, and operation of telephone lines anywhere without regard to geographical location.

He can make these loans to public bodies, cooperatives, nonprofit limited dividend or mutual associations. Telephone service shall deem to mean any communication service whereby sounds, signals, signs, writing, or pictures of all kinds are transmitted with the use of electricity, including but not limited to wire, wireless, or wire carrier transmittal and reception, and shall include all telephone lines, facilities, or systems used in the rendition of such service. Rather a big order I would say.

However, before going into these complicated, impractical, unsound, and far-reaching provisions of this bill, I want to emphasize that I favor every person having a telephone who desires one, where it is practical to have one if he can afford it.

I appreciate that there are many misinformed people who feel that the thousands of independent telephone companies have been derelict in providing adequate telephone facilities to the public the past 10 years. That is the farthest from the truth. We must never forget that during the depression, there was no demand from the public for additional telephone facilities. Then the war came along and the rulings and regulations of the War Production Board, and the telephone companies were forbidden to sell or install telephones for normal use. They all went to the military. Also, during the war they were unable to obtain sufficient help to advance their lines. Notwithstanding the depression and the war with their handicaps, still farm telephones have increased from 1,526,954 in 1940, to 2,473,000 in 1948, or a gain of nearly 60 percent.

I cannot think of any comparable gain in any other public service, with the possible exception of rural electrification—and that is only to be expected. Because it is only natural that large landowners of the South will furnish, without exception, the share croppers and cotton pickers electricity in their little cabins while they will provide but one or two of these people in close proximity with telephones.

Farm-telephone density is related directly to farm income. The economic

status of the farmer determines the number of telephones. Many share croppers and cotton pickers make less than \$500 a year. With such a low income, is it not natural that they do not have the desire to pay for a telephone. The problem, as I see it, is to do something that will raise their income whereby they can afford to pay for a telephone—not to spend millions of dollars for telephone poles and telephone lines near their cabins when they cannot afford to pay for a telephone when the service reaches them.

Over 76 percent of the farmers in Illinois have telephones. The only ones that do not have them are the ones who live in a remote area. It would necessitate installing posts and lines, running miles, at a cost of thousands of dollars. Even as far as this bill goes, it would not take care of them.

Yes; many will contend that the thousands of independent telephone companies have done a bad job. Still, the fact remains that of the 60,000,000 telephones in the world, the United States has nearly two-thirds, or 37,000,000, which I believe is very good.

My good friend, the author of this bill, the gentleman from Texas [Mr. POAGE], stated, as appears on page 108 of the hearings:

I may say in all frankness that I contemplate that this bill should have the power to provide competition because if it does not have the power we do not get much done.

Of course, there is not and should not be competition in the telephone industry. In 1913 the Department of Justice decreed, when the question was before it, that competition in the telephone industry was impractical and was definitely not in the public interest. The telephone industry was determined to be in the public interest a natural monopoly, and rightfully it was placed under strict Federal and State regulation, and it remains in that position today.

From a practical viewpoint, can you possibly conceive of competition in our telephone industry? It would mean, in the true sense, that you could have a telephone belonging to one company, your neighbor on the right a telephone belonging to another company, and your neighbor on the left a telephone belonging to still another company. What a mix-up. Still, this measure provides for just such a thing.

As a matter of fact, this bill, if enacted into law, might easily place all the telephones of the country under Government ownership. Perhaps that is the ambition of many who are supporting this bill, but I earnestly state that is not the goal of the gentleman from Texas [Mr. POAGE]. We all know him too well.

How could all telephones ultimately become Government-owned if this bill becomes a law? I will tell you why.

At the present time there are many independent telephone companies borrowing from the Reconstruction Finance Corporation in order to make improvements and advance their lines. They pay 4 percent interest and the maximum term is for 10 years. They pay income taxes and a dozen other taxes.

How can they possibly compete with certain agencies such as cooperatives which do not pay like taxes. How can they possibly compete when they are compelled to pay 4 percent interest to one governmental agency when under this bill others can borrow from another governmental agency—the Rural Electrification Administration—paying but 2 percent interest.

I cannot understand how anyone can possibly hold that the Federal Government should loan money to anybody for a long term at 2 percent, when it pays more than 2 percent itself for long-term borrowing at the present time, and no one knows how much higher interest they might have to pay—not 35 years from now—but perhaps 5 years from today.

Right at this minute, the Treasury Department is using the radio, press, and sound trucks to sell bonds bearing interest of over 3 percent. Think of it—when under this bill they will loan the same money at 2 percent. Rather silly, isn't it?

As far as I have been able to learn, the Director of the Budget has not given his approval to this bill; no one knows the cost over the next 35 years; no one knows whether it is part of the President's program.

In my opinion, if this legislation is to be passed, the following desirable amendments should be added:

First. Antiduplication of facilities to prevent competition.

Second. To prevent right to acquire existing property—purpose is to expand and provide service where it does not now exist.

Third. To give existing telephone companies a clear preference over all "newcomers."

Fourth. To prevent refinancing of debt-ridden companies for the purpose of unloading their bad investments on the Government.

Fifth. To make certain the interest rate is no lower than the cost of money to the Government for like term of borrowing.

Sixth. To provide that local or regular commercial sources of loans must be exhausted before a loan can be made under this bill.

Seventh. To substitute Reconstruction Finance Corporation for Rural Electrification.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Illinois.

Mr. CHURCH. I want to congratulate the gentleman for a very fine statement. I hope the amendments he has suggested will be adopted before the bill finally becomes law; if it does.

Mr. ALLEN of Illinois. I thank the gentleman very much. I hope the Members will study these seven amendments. I am certain if they do the majority will agree with the seven amendments I have offered.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Speaker, I represent a district composed of nine counties which extends across the eastern

section of Tennessee from Kentucky to the North Carolina line and pretty close to the Georgia line. Thousands of my people live on farms. For the past several years the residents in the northeast section of my home county of Knox have repeatedly appealed through me to the local telephone company for the extension of telephone lines to their farms. Doctors are scarce in the country. There are very few country doctors, and if we had telephones these people, many times, by calling the doctor's residence, could find out whether or not he was available at home and, if not, where he could be found. They need telephone service for that purpose.

In addition to that, many times by the use of the telephone, they will save themselves the expenditure of from three to five dollars for gas and oil and for wear on their automobiles. I hold in my hand here a sheaf of telegrams that have come to me today from the vicinity of Fountain City, a suburb of Knoxville, where 25,000 people live; from Hall's Crossroads, and from Harbison's Crossroads, and from Corryton sections of the county which are heavily populated, thickly populated, with progressive, prosperous farmers. They do not want anybody to give them anything. They want an amendment to the REA Act so that they may borrow from this agency which has been loaning rural-electrification concerns the money with which they have extended the lines from the central stations of the Tennessee Valley Authority thus carrying electricity to all of the sections of that great region of my State. These people need telephone service. Hope deferred, I am told in the Proverbs, maketh the heart sick, but when the desire cometh, it is a tree of life. My people have long hoped in vain. The time of their deliverance, by this measure, is near at hand.

We Tennesseans in my section of the State cannot truthfully be said to be socialistic. We have been Republicans since the party came into existence. My district has not elected a man of the opposite political faith to this House since 1856. They who are supporting this measure are Republicans for the most part. This, however, is not a partisan measure. Its enactment will benefit all the people.

Tennessee has been liberal with the western section of our country.

My congressional district sent Sam Houston from Blount County to Texas under a mandate from Andrew Jackson to take that vast empire away from Mexico, and he did it. When he was a boy 5 years of age, the pioneer father and mother of SAM RAYBURN moved from their home in Roane County, Tenn., in the Second Congressional District, to Texas, where SAM grew to manhood. The people of Texas, at a time when the memory of man runneth not to the contrary, saw in SAM splendid congressional timber and have continuously elected and reelected him to this body, and he is now for the second time the Speaker of the House.

This measure is an effort to give the people of this country the services they are entitled to enjoy; and that they are willing to pay for.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. JENNINGS. I yield to the gentleman from Missouri.

Mr. SHORT. It must not be forgotten that last year in the awful do-nothing Eightieth Congress we voted \$400,000,000 for rural electrification, which was \$100,000,000 more than was requested by the President or the Director of the Bureau of the Budget.

Mr. JENNINGS. That is true, and it has been a benediction and a blessing to the people to whom it has carried electric current. It has lifted the heavy burden and the drudgery off the bent backs of the farm wives. You can go to the remotest portion of my district and find deep-freeze outfits. You find in their churches and schools, places of business, dairies and homes electricity that is enabling them to live a prosperous and happy life.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Speaker, as the Members of this body well know, we are all receiving scores of communications from our people all over the country asking that the Congress approve taxation on the income of cooperatives. We have the question of deficit financing ahead of us again. We are already short of revenue.

As friendly as many of us are to the cooperative movement, it may be that we are facing a situation where cooperatives will have to be taxed if we are to raise the revenue for which our appropriations call.

In reading this bill, on page 3, lines 22 to 25, we find this language:

That the Administrator, in making such loans, shall give preference to persons providing telephone service in rural areas, and to public bodies, cooperative, nonprofit, limited dividend, or mutual associations.

Here we further intensify the problem that we will have to deal with in due course from the standpoint of taxing cooperatives.

I join with the gentleman from Illinois who advocates that the interest on these loans be increased. I say this because we do not believe that any group of our people is entitled to loans from the Federal Government below the cost of the interest on those loans to the Federal Government. We know what they are paying on savings bonds, we know what the average rate of interest paid by the Treasury on all borrowings amounts to, and we know that, generally speaking, as we move into a higher and higher interest period we are not going to be able to borrow the money to finance the problems of this Government on a 2 percent basis. I for one would like to see the rates handled in such a way that the people who pay taxes generally will not have to subsidize this operation because of too low an interest charge.

I should like very much to see an amendment offered, which I understand may be offered by the gentleman from Kansas [Mr. HOPE]—I am not saying he will offer it, but I have been told he was thinking about offering it—which would protect the established privately fi-

nanced telephone companies now in the field. Certainly we should give some very serious thought to that before we take action which will set up Government competition against those little people who have furnished the venture capital and the risk capital to carry on those operations.

There are some things that can be said about the big telephone companies in particular. I had an experience just recently within only a few miles of this building where the poles are set up and the right-of-way is provided, and yet the telephone company of Washington wanted \$225 to extend a little line only a few hundred feet from poles which were already on the farm. I sent word to the manager of the telephone company to the effect that action of that kind was one of the main reasons why the Congress would vote for a bill such as we now have before us, and why they voted for REA in the first place. The public utilities do not have clean hands in connection with this entire operation. Personally, I do not believe they will make these expansions as rapidly as our people require and as rapidly as they need them. I think there should be some stimulation of some kind along the line. But at the same time these amendments which have been discussed by the gentleman from Illinois with respect to interest rates and with respect to the prohibition of duplicating facilities and having RFC participate in some of these loans, are amendments which are certainly worthy of consideration and serious debate by this body. Altogether I hope that as the discussion goes on this afternoon, we will get into the heart of this and do what is right for our people.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Illinois.

Mr. ALLEN of Illinois. How can anyone be for private enterprise when the interest rate on loans to some agencies is 2 percent and the RFC lends independent money at 4 percent, and yet the independents have to pay taxes.

Mr. CRAWFORD. Of course that is one of the big problems which face us in connection with this whole cooperative movement and if we do not voluntarily do something about it, eventually economic conditions will force us to do something.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the balance of the time to the gentleman from Indiana [Mr. HARVEY].

Mr. HARVEY. Mr. Speaker, I want to speak a few words with regard to this legislation. I am a farmer as most of you know, and have been responsible in varying degrees for 16 years and for the last 6 years—until this spring—as the unpaid manager of a rural telephone company in my own community. I do know that in Indiana we have a larger number of these rural companies which were organized 35 and 40 years ago as stockholding companies. Our company has approximately 200 stations and is currently charging a rate of about \$2.25 for party-line service. In my home county there are about six other small companies of the same kind, all of them

operating on a hand-to-mouth basis. We were incorporated as a stock company and naturally have paid all of the same type of Federal taxes that the Bell Telephone Co. and any other company pays.

But more than that, our little company which only cost the people of that community \$2,500 40 years ago, today is paying taxes on an assessment of \$100 a mile, while the Bell Telephone Co., or at least the division in my county seat, at Newcastle, pays the exorbitant rate of \$30 a mile as established by the Public Service Commission of Indiana. What is the difference? I will tell you the difference. It is because the Bell Telephone Co., as an Indiana institution, has plenty of legal talent to look after their interests.

The little companies out there have to take what they can get and they get plenty of taxes. Mind you, I do not say that these companies should not pay it. I think they should. But I do say that the rural companies, under the present set-up, are not being favored. In fact, they have the cards stacked against them.

Now, what is the answer? These companies, given proper encouragement, will combine. What will be the result? I can tell you. They will be able to operate an efficient system, which they cannot do today. My little company would like to install a dial telephone system so that we could give the people 24 hours' service at a price they could afford to pay. But how much would it cost? It would cost \$20,000 to put in a dial system for 200 stations. There is not enough money in my community that could be borrowed on a long-time basis, to effectuate this change. The same thing is true all over Indiana.

I am as much in favor of free enterprise as any of the rest of you. I want to encourage it. I say to you that as far as the State of Indiana is concerned there is no intention on the part of the Bell Telephone Co. to expand into the rural areas. Their policy in the past has been to withdraw from those areas. I find no fault with them. They are in business for themselves. They frankly say that they have skimmed the cream. They have taken the richest and most productive source of revenue in the State, and the rural areas will not pay their way, so they should not be saddled with servicing those areas. That leaves half the population—because Indiana is approximately 50-percent rural—without any future assurance of a continuation of service. All of these little companies are gradually going to pot. The reason is because their original owners were willing to operate and maintain them and service them and give of their time for free, as I did. But the time has come when you can no longer get people to operate a telephone company and give of their time and service day after day for free, which you have to do in order to operate the system.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. HARVEY. I yield.

Mr. CRAWFORD. I wish to ask the gentleman a couple of questions. Did I

understand the gentleman to say his little company had to pay taxes of \$100 per mile?

Mr. HARVEY. That is the valuation. No; that is not taxes. That is the valuation, as assessed by the public-service commission.

Mr. CRAWFORD. That is on your little company?

Mr. HARVEY. Yes.

Mr. CRAWFORD. While on the big company it is only \$30 a mile?

Mr. HARVEY. That is right.

Mr. CRAWFORD. My second question is this: Does the gentleman believe that under the provisions of this bill as here submitted your small company can receive the necessary financial assistance to put it on a proper running basis, or are there some amendments which you think should be put into the bill?

Mr. HARVEY. I would say to the gentleman I do not have time to go into the details of any amendments that might need to be placed in the bill to protect already existing companies from having duplicating facilities come in and run them out. Of course, I would want to protect the companies that intend to stay in the rural communities and service them.

The SPEAKER. The time of the gentleman from Indiana [Mr. HARVEY] has expired.

Mr. COLMER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

UNITED NATIONS

Mr. LYLE, from the Committee on Rules, reported the following privileged resolution (H. Res. 280, Rept. No. 1012), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4708) to amend the United Nations Participation Act of 1945. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. RAMSAY asked and was given permission to extend his remarks in the RECORD and include an address by Admiral Louis E. Denfeld, at the Legion convention on June 30.

THE DRIVE FOR A MILITARY DICTATORSHIP CONTINUES

Mr. HOFFMAN of Michigan. Mr. Speaker, one not familiar with the methods of the administration and the Mil-

tary Establishment, listening to the 1-minute talks made at the opening of the session today, would undoubtedly be led to believe that unless the Tydings bill now before the House Armed Services Committee was reported out and forthwith passed by the House, the Nation would be defenseless.

It is well that the committee has postponed action and that, before it sends that bill out with a favorable report, it attempt to ascertain the necessity for the proposed legislation and the effect which it may have upon the country.

Less than 2 years ago, the National Security Act of 1947 became the law of the land. The announced purpose of the act was the unification of the armed services so as to give to the country greater efficiency at less cost.

The bill was driven through committee and Congress by a powerful lobby directed by military men, the result of whose action, whatever may have been their intention, tended to establish here in the United States a military dictatorship similar to that advocated by Bismarck, Hitler, and Mussolini, and completely out of step with the concept of military power outlined by the Constitution.

High-ranking officers of the Navy, who were on active, as distinguished from swivel chair, duty during World War II, were, until shortly before the close of the hearings, effectively gagged and, by the action of a majority of the committee which reported out the bill, denied the opportunity to freely express their views as to either the necessity for, or the effectiveness of, the proposed reorganization of the armed services.

The bill as finally written continued the opportunity—which the President and the armed services already possessed—to give unification and a measure of economy and increased efficiency.

Some of my views of the legislation were set forth in House Report No. 961, Eightieth Congress, first session, as follows:

The writer of this report is convinced that until a few days before the committee ordered the hearings closed, all officials in the Navy, many of them high ranking officers, who bore the brunt of the Nation's battle on the sea and in many instances in the air, were prevented by Executive gag from freely expressing their objections to the bill.

In the opinion of the writer the proposed legislation does not conform to the procedure for the national defense as outlined in the Constitution.

The proposed legislation, instead of leaving to the Congress the duty and the responsibility of providing for the national defense, of making appropriations to the Army to be expended within 2 years, of providing, as directed by the Constitution, for a Navy, places that duty and that responsibility upon a National Military Establishment—a new and an additional organization superimposed upon the Army, the Navy, the Air Forces, and the Congress.

A careful reading of the bill, of the hearings, and a realization of the implications justify the conclusion that the possibilities of a dictatorship by the military are in this legislation.

There is nothing in the testimony to justify the argument that it will in the near future bring about economy in our Military Establishment.

The argument that it will promote efficiency is met by the historic fact that in our blundering, so-called inefficient, wasteful way, our fighting men have on all occasions overcome the forces of the centralized militarism of those they have met in battle.

The thought that the National Military Establishment and the departments or agencies established by this bill should be clothed with power to plan our foreign policy, thus usurping the functions of the President and the Congress, and under the plea of co-ordination, regiment our production and our resources, is abhorrent. Yet under this bill that is the proposal.

It is no answer to say that these new agencies are granted only the power to plan, no power to execute; that to Congress they must come for funds to implement their plans.

It is a matter of common knowledge that all too often the Congress and the Nation are whipped into line, compelled to support plans and policies promulgated either by the State Department or the administration and of which the Congress has no knowledge until advised that we, as a Nation, were committed to such a policy.

Why then does the writer file the committee report and not oppose the bill?

Because and only because legislation seems inevitable and H. R. 3979 introduced by him, modified in some respects by the subcommittee and the committee, and finally molded into H. R. 4214, is the best bill that was obtainable.

Forced to take a bitter dose of a medicine of doubtful value the patient seeks to make it less distasteful, less harmful by every conceivable device and provision.

The hearings held on that bill disclosed that there had been a deliberate attempt on the part of General Eisenhower, as Chief of Staff, to either eliminate or curtail the Marine Corps as an independent unit.

The situation on that issue was disclosed—although somewhat inadequately—in the report above referred to as follows:

Examination of the Joint Chiefs of Staff 1,478 papers convinced the committee that a specific statement of Marine Corps functions was imperative if the Marine Corps was to be protected from being eliminated as an effective combat element, which, according to the testimony of Fleet Admiral Nimitz, was the intention of the Army.

The hearings had not progressed far before it became evident that, not only in the Marine Corps but throughout the country, there was a fear that an effort had been and was being made not only to reduce the size and limit the functions of the Marine Corps, but a possibility that it might be reduced to the status of a police force.

The existence of any justifiable basis for such a fear was denied by some witnesses who held the highest ranks. That there was justifiable ground for this apprehension is apparent if one reads the memorandum by the Chief of Staff, United States Army (General Eisenhower), under date of May 16, 1946, and the reply of Admiral Nimitz (hearings, National Security Act of 1947, p. 640).

In the memorandum forwarded by General Eisenhower, then Chief of Staff, United States Army, among other things we find this:

"The conduct of land warfare is a responsibility of the Army. Operationally, the Navy does not belong on the land; it belongs on the sea. It should have only technical and administrative functions on land in connection with its headquarters, bases, or other naval installations. The emergency development of the Marine Forces during this war should not be viewed as assigning to the Navy a normal function of land warfare, fundamentally the primary role of the Army.

There is a real need for one service to be charged with the responsibility for initially bridging the gap between the sailor on the ship and the soldier on land. This seems to me properly a function of the Marine Corps. I believe the Joint Chiefs of Staff should give serious consideration to such a concept. The need of a force within the fleet to provide small readily available and lightly armed units to protect United States interests ashore in foreign countries is recognized. These functions, together with that of interior guard of naval ships and naval shore establishments, comprise the fundamental role of the Marine Corps. When naval forces are involved in operations requiring land forces of combined arms, the task becomes a joint land-sea, and usually Air Force mission. Once marine units attain such a size as to require the combining of arms to accomplish their missions, they are assuming and duplicating the functions of the Army and we have in effect two land armies. I therefore recommend that the above concept be accepted as stating the role of the Marine Corps and that marine units not exceed the regiment in size, and that the size of the Marine Corps be made consistent with the foregoing principles."

To that view, Admiral Nimitz, under date of March 30, 1946, replied:

"The basic and major issues considered in J. S. C. 1478-10 and J. C. S. 1478-11 comprise a proposal on the part of the Army (a) to eliminate the Marine Corps as an effective combat element, reducing it to the status of a naval police unit with possibly certain ancillary service functions in respect to amphibious operations, and (b) to abolish an essential component of naval aviation which operates from coastal and island shore bases. To those ends these papers propose to discard agreements on these matters which have been arrived at between the Army and the Navy from time to time over a period of more than 20 years, and which have resulted in a responsibility for functions proven highly effective in World War II.

"In matters so vital both to the Marine Corps and to naval aviation, I consider it appropriate and desirable that the Joint Chiefs of Staff should have the benefit of the views of General Vandegrift, the Commandant of the Marine Corps, and of Vice Admiral Radford, the Deputy Chief of Naval Operations for Air. Their comments are attached as enclosures A and B, respectively.

"I agree with the Chief of Staff, United States Army, that further exchange of papers on the subject of the missions of the land, naval, and air forces will serve no useful purpose. It is further apparent that the question is part of the larger one of the merger of the War and Navy Departments, which proposal was, at the Army's insistence, referred to the President and which is now before the Congress. Thus, the matter now under consideration has already reached levels higher than the Joint Chiefs of Staff."

General Spaatz, commanding general, Army Air Forces, wrote:

"I recommend therefore that the size of the Marine Corps be limited to small, readily available and lightly armed units, no larger than a regiment, to protect United States interests ashore in foreign countries and to provide interior guard of naval ships and naval shore establishments."

General Eisenhower, Chief of Staff, United States Army, also wrote:

"The following is proposed for consideration: * * *

"(1) That the Marine Corps is maintained solely as an adjunct of the fleet and participates only in minor shore combat operations in which the Navy alone is interested.

"(2) That it be recognized that the land aspect of major amphibious operations in the future will be undertaken by the Army

and consequently the marine forces will not be appreciably expanded in time of war.

"(3) That it be agreed that the Navy will not develop a land army or a so-called amphibious army, marine units to be limited in size to the equivalent of the regiment, and the total size of the Marine Corps therefore limited to some 50,000 or 60,000 men."

Report by Army members of Joint Staff planners (proposal):

"Provide landing parties with the fleet to protect United States interests ashore in foreign countries in operations short of war, and in time of war to conduct raids and small-scale amphibious demonstrations.

"Perform necessary functions aboard ship, at naval installations, and in the ship-to-shore phase of amphibious operations."

The bill as finally enacted sought to give the needed protection to the Marine Corps, but subsequent events have disclosed that apparently there is still a determination in the minds of some of our military men to minimize, if not to eliminate, the Marine Corps and its functions.

Moreover, there is in my opinion evidence—to me, conclusive evidence—that a military cabal is determined to subject the civilian population to its demands, that it is determined to rule this country and to subordinate all interests to its own desire to direct, if not to assume control, of our governmental functions.

No doubt, many of those who give support to legislation tending toward that end are unaware of the purpose, ignorant of the ultimate result. No doubt, the overwhelming majority of those supporting the proposed legislation sincerely believe that such legislation is necessary if we are to adequately defend ourselves, prepare against present and future danger.

With all due respect to their opinion, without questioning their motives, it is my sincere conviction that the ultimate result, if their plans and proposals are carried out, will be that constitutional government, national defense under the Constitution, will be at an end; that the burden of taxation and the curtailment of civilian authority will ultimately put an end to constitutional government as we have heretofore known it.

The National Security Act of 1947 was endorsed and sponsored by the administration. It was actively—and I use that word advisedly—supported by the War Department General Staff and the Army Air Force. It was officially supported by the Navy Department, which for a time prohibited free expression of its officers by means of a gag rule that was not lifted until late in the consideration of the proposed bill. The important point is this: The services and the administration demanded passage of the bill. They said that it would give us greater military efficiency and tremendous savings. Each and every War Department, Air Force, and Navy officer who appeared in favor of the bill said that it was necessary and would work successfully. After its passage every uniformed and civilian head of the military services endorsed the bill and hailed its passage.

Today, less than 2 years since enactment of the National Security Act of

1947, the administration, the Department of the Army, and the Department of the Air Force want a new National Security Act. Why do they now insist on a new law to replace that which they so unanimously supported? It is my firm opinion that there is not a more important question confronting those who believe in preserving our form of government and democratic institutions.

It was my privilege to be chairman of the Committee on Expenditures in the Executive Departments that considered the National Security Act of 1947. In the course of the 1947 hearings I became curious as to the objectives of the General Staff sponsors of the Security Act. Events since then have confirmed my apprehensions.

There is before the House a bill, S. 1843, approved by the Senate Armed Services Committee, that in effect rewrites the National Security Act of 1947.

This administration bill did not go this time to the Expenditures Committee, but rather, to the Armed Services Committee. Let me assure you that I have faith in the judgment of the committee chairman, our esteemed colleague from Georgia [Mr. VINSON] as well as the other members of the committee. I feel confident that they will recognize the issue and the motives in the bill to be considered by them. My sole purpose in speaking on the subject at this time is to invite attention of Members of the House to the background of the bill as well as to the dangers inherent in the proposed legislation, so that we may be better aware of the implications of the legislation when the pressure is put on, as it inevitably will be, to pass, without question, this bill exactly as forwarded to us for rubber-stamp approval.

In the first place, the current proposal to amend the Security Act of 1947 cannot be considered as a separate and distinct piece of legislation. It is inseparably intertwined with previous legislation designed to achieve the objectives of the War Department General Staff.

World War II was scarcely over before Congress was confronted with the so-called "Collins plan" for unifying the armed forces. Named after its General Staff sponsor, Lieutenant General Collins, the bill would have provided for the emasculation of the Joint Chiefs of Staff, complete merging of the armed services into one department, creation of a Prussian-type supreme General Staff in this country. In addition, passage of the bill would have meant the destruction of the Marine Corps and naval aviation. Fortunately, the sponsors of the Collins bill were so sure of themselves that they were brazen in their methods. The issues and the motives were clearly discernible. Because the dangers were apparent, the bill never got out of committee.

With rejection of the Collins bill, its sponsors learned part of their lesson. Unable to gain their objectives openly, they resorted to camouflage. If they could not get everything in one legislative gulp, they would take it in a series of nibbles. The course of subsequent so-called unification legislation illustrates the methods used to gain the objectives of the Collins bill.

This new subtle approach did not change the objective of the War Department General Staff. The principal goal of those who seek domination of the Military Establishment, and equally important areas of our economic and social life, is the establishment of a supreme general staff, headed by a single chief of staff. This is the device by which militarists controlled Prussia and later Germany. It is the invariable lesson of history that creation of a supreme general staff results in eventual destruction of democratic institutions.

During the early part of 1946 the President directed the Secretaries of the Army and Navy to confer and determine the areas of agreement and disagreement with respect to unification. On May 31, 1946, the two Secretaries forwarded to the President a joint letter in which they set forth the points on which they could and could not concur. In that report it was stated that the War Department believed in the single chief of staff. However, the report continued that since the Navy felt that the joint chief of staff should be the highest source of military advice, "The War Department is willing to omit the feature of the single chief of staff."

On June 15, 1946, the President, replying to the Secretaries of War and Navy, confirmed that there would be no single chief of staff. The War Department General Staff may have omitted the single chief of staff, but they did not abandon their efforts to establish such a supreme military official. They knew full well that militarists in the past have achieved more by indirect than by direct action.

In January 1947 the President sent duplicate unification bills to the House and to the Senate. In April the House Expenditures Committee began hearings. To some of us on that committee it was soon apparent that there were many hidden items in that bill. A seemingly innocuous portion of the bill provided for the creation of a joint staff, headed by a director, to function under the joint chiefs of staff. A number of reputable witnesses, including one of the Nation's most distinguished war leaders, Brigadier General Edson, of the Marines, warned that this joint staff with its director was the beginning of a national general staff in this country, something that Congress had traditionally been opposed to. It was also stated that this joint staff would rapidly expand beyond the limit of 100 set by the bill. Officials in favor of the bill denied both assertions. But what has happened?

In less than the 2 years in which the law has been in effect the Director of the Joint Staff has achieved a position of power which is of doubtful authority under the provisions of the Security Act. It is well known in military circles that the present Director is functioning almost as much as an agency of the Secretary of Defense as he is of the Joint Chiefs of Staff, as was intended under the bill. We are moving more and more in the direction of a de facto single Chief of Staff. The Joint Staff, limited to 100 in the 1947 legislation will be more than doubled under the proposed legislation. The original Senate bill would have re-

moved all limits on its size. There have recently been consummated a number of mergers of elements of the three services. These merged elements are supervised by the Joint Chiefs and their agents, the Joint Staff.

We have, therefore, under present law, the working basis of a Prussian-type general staff in the United States. Given time, there is reason for suspecting that such could eventually result from the system growing out of the National Security Act of 1947.

But those who seek power are not always patient. The proposed amendments to the National Security Act exploit the gains made by the Joint Staff in the direction of a supreme staff, and accelerate its development by providing for a real national chief of staff. Combining the present Joint Staff with the euphemistically termed "Chairman of the Joint Chiefs of Staff" as provided in the proposed legislation, establishes a supreme general staff in the classic Prussian mold.

The true program for creation of a single Chief of Staff is reflected in General Eisenhower's testimony. He said in the 1947 hearings that he believed in a single Chief of Staff but that he had come to the conclusion that such a system "would be wrong for the moment." In other words, the policy was to get everything that could be obtained in 1947. Get the foot inside the door with some kind of legislation that could be amended later.

Congress passed the National Security Act in 1947 in good faith, never suspecting that its service sponsors looked upon the law as a mere stepping stone to goals that we would not at that time give the military, never suspecting that the law which we labored to improve would be condemned by those who originally spawned it, as soon as the right moment came to demand, under the guise of amendment, a totally different law.

I have no monopoly on the belief that the proposed amendments would establish a supreme general staff in this country. This is the opinion of battle proven officers and students of military institutions. To those Members of the House who want further evidence of the real contents of the proposed legislation, I respectfully invite your attention to the testimony given before the Senate Armed Services Committee, and before the House committee as well, by Mr. Ferdinand Eberstadt, who headed the Hoover Commission task force assigned to investigate the armed forces. Mr. Eberstadt bitterly condemned, among other parts of the bill, the portion pertaining to the Chairman of the Joint Chiefs of Staff. He stated very pointedly that, under the bill as introduced, the so-called Chairman was like a chief of staff in all but name. Of considerable significance, Mr. Hoover roundly condemned the same points, stating that it was unworkable and dangerous.

This, incidentally, should point up another pertinent fact in connection with this proposed bill; it is not in conformity with the recommendation of the Eberstadt task force nor of the Hoover Commission as a whole. Of even more

significance is the fact that no less an authority than Mr. Eberstadt states, with reference to a basic provision of the proposed legislation, that he "is at a loss to know its origin or its purpose." This is the provision that the three services be merged into one department.

If anyone is under the illusion that this bill is based upon the recommendations and conclusions of the Eberstadt task force—assigned to investigate the armed services—of the Hoover Commission, I invite them to read the Eberstadt report, and to read Mr. Eberstadt's testimony before the Senate and House committees. This bill to permit a Prussian-type supreme staff and a vast military bureaucracy does not find its justification in the Eberstadt committee of the Hoover Commission.

Nowhere is to be found any recommendation that the three services be merged into one executive department. Ostensibly this is to clarify the powers of the Secretary of Defense. But the declaration of policy that the three services are not to be merged remains in the law. What kind of clarification is this? All that it makes clear is that, by indirect means and stratagem, what is forbidden by policy is to be permitted in detail. This is not clarification. This is camouflage.

Who, I ask, outlined this blueprint for militarism? That is just one of the questions that I am sure that our House Armed Services Committee will try to answer when it considers the administration bill.

Mr. Eberstadt, and Mr. Hoover as well, it should be noted, strongly opposed the provisions of the bill that would virtually destroy the Joint Chiefs of Staff. Mr. Eberstadt, after his long investigation of the armed services states:

Our Joint Chiefs of Staff in the last war may not have been perfect—the system had some deficiencies—but it was just about as perfect as any institution in human affairs is likely to be.

The key to final achievement of a Prussian-type supreme staff is the single Chief of Staff. Call him what you will—Chief of Staff or Chairman of the Joint Chiefs—his function is the same. The Senate bill creates such an official. At the same time as it establishes the Prussian militarists' device, the Senate bill destroys the inherently American and war-proven Joint Chiefs of Staff by relegating that agency to a secondary level in the pyramid of militaristic bureaucracy created by the proposed act.

The creation of a supreme Chief of Staff and the destruction of the Joint Chiefs is accomplished by a simple but effective means: The "Joint Chiefs are no longer to be the principal military advisers" to the President—and Secretary of Defense. Instead, the new Chairman of the Joint Chiefs is to be the "principal adviser." It was through his position as principal adviser to the Emperor that the chief of the German Army's great general staff was able to dominate all German armed forces.

This is the system responsible for disastrous German strategic errors. This is the system the proposed bill has copied from defeated enemies. This is the sys-

tem that the proposed bill will impose on our Nation.

The ability of such a system to circumvent any restraint is well known to military historians. But at the least if the words are to be placed in the law, we should provide some protection, some provision to keep free from the evils of a supreme staff. The chairman, if there must be one, must clearly be made a procedural chairman only. And even more important, the Joint Chiefs and the Joint Staff must be clearly forbidden to engage in operations or administration. The duties of the Joint Staff must be solely those of planning and advice.

I am unable to understand how the majority leadership of both the House and the Senate can so casually view the attempt to destroy the Joint Chiefs of Staff, particularly in view of the fact that that agency was created by the late President Roosevelt for the purpose of giving our Nation the most efficient and appropriate device for top-level direction of our armed forces. What a trick of fate it would be for his own party to junk that which Roosevelt created to direct the battle against our enemies, and then substitute in its place a Prussian-type supreme general staff, carefully copied from the model of our enemies who sought our destruction. How can we expect to remain great when we insist on copying our enemies who lost? Enemies whose organization carried the seeds of their own destruction.

Another major objective of the 1946 Collins plan for unification was the destruction of the United States Marine Corps. The means for accomplishing this objective was also provided for in the administration draft of the National Security Act of 1947. You may recall that this House, following its traditional policy of protecting the Marine Corps from those who seek to destroy it, insisted on including protection for Marine Corps by assigning definite basic functions to the Marines, as well as other services, in the Security Act. The War Department General Staff has long sought to destroy the Marines as a fighting force. The standards of military proficiency and economy set by the Marines have long been a source of embarrassment to the Army General Staff. The enemies of the Marine Corps did not let the provisions of the Security Act distract them from their objective. Just as the currently proposed legislation would establish the national General Staff sought in the original Collins bill, so would it provide the means by which the Marine Corps would be destroyed.

The proposed administration bill permits the Secretary of Defense to transfer all but "combatant functions" assigned in the 1947 Security Act. This means that in spite of the determination of this House to protect the Marines in the Security Act of 1947, the leathernecks could, by mere administrative directive, be shorn of their amphibious development and training functions. It is even doubtful if they could retain their fleet marine forces as specified in the law, as the Secretary of Defense could contend that the provisions of law relating to organization of units were not technically

a "combatant function." When we realize that the present chairman of the Joint Chiefs of Staff, General Eisenhower, is on record as urging that the Marines be reduced to small and lightly armed units and that they no longer be permitted to be a force of combined arms—meaning no tanks, close supporting air units, and probably no artillery—we can well imagine how long the Marine Corps would last if this House should pass the proposed bill in its present form. When we recall that it was but a few weeks ago that, were it not for present law and the efforts of the chairman of the House Armed Services Committee, Secretary of Defense Johnson, according to reliable sources, would have commenced the dismemberment of the Marines by taking away their vitally needed close support aircraft, we can again realize the importance of retaining the present statutory protection of the Marine Corps. Nor does the Senate amendment against unit transfer between services provide adequate protection for the Marines. While closing one door against direct attack, the bill is loaded with indirect means by which the Marine Corps can be destroyed by administrative process. Officers of the Marine Corps who have not knuckled under the gag rule that still exists are frank to say that the bill greatly strengthens the hands of those who have long sought to destroy the Corps.

Let us be honest with ourselves. Passage of the proposed bill in the Senate form may be the death knell of the Marine Corps.

Those who are pressing for quick rubber-stamp passage of the new unification law promise savings of hundreds of millions—even billions—if we pass this law. That was the promise of everyone who appeared before the House Expenditures Committee in favor of the National Security Act of 1947.

I am as interested as anyone in cutting Government costs. Yet I will never consent to establishment of a Prussian-type supreme general staff, destruction of the Marines and naval aviation, as well as further creation of a super-Secretary of Defense, with virtually unlimited power at the head of a burgeoning military bureaucracy—in return for the mere promise of economy.

To those who advocate the proposed bill, let us tell them to itemize those economy measures that cannot be taken without the extreme powers in this bill. Let them tell us exactly what they intend to do to effect economies. That is the businesslike way to do it. No businessman would buy a "pig in the poke" reorganization of his business. He would say, "Lay out your proposal. Let me see where and how you will save money."

We tried to determine similar facts during consideration of the 1947 unification law. All we ever got were generalities. But then we accepted those generalities and the committee, with protective amendments for the Marine Corps and naval air, reported out the bill and the House passed it.

Now the administration and the Pentagon want a new bill, with more power. The same old sweet song is being sung

about promised economies. Let us tell them to turn the record off and give us the facts—if any.

The establishment of a supreme general staff, the destruction of the Marine Corps and naval aviation, and extended military control of national manpower and industry have long been goals of a powerful faction of our War Department General Staff. Congress refused to give these things to our military when we rejected the original Collins plan. Paradoxically, we are now in the midst of being pressured into giving the general staff those same powers on an installment plan basis.

The Congress thought it was passing a good bill in the National Security Act of 1947. It thought that the military was dealing with us in good faith, that they meant what they said when they told us that it would be a good law and that they would make it work.

Instead, we find that we were booby-trapped. We merely, in their eyes, gave them the legal foundation from which they could build, by amendment, their structure of military power. We found out that, when they said they were not pressing their objectives "for the moment," that was exactly what they meant. They are doing it now.

All these things involving a supreme general staff, destruction of the Marine Corps, as well as naval power, and the expansion of military control over social and economic affairs, are but the outward manifestations of adherence to Prussian philosophies by those who seek these objectives.

It is high time that Congress let it be known that we will not be meek wielders of a rubber stamp for the military. It is time that we tell those who worship at the altar of Prussianism that they must reacquaint themselves with the virtues and inherent goodness and strength of those things which are American and in harmony with our constitutional way of life.

We who have triumphed over Prussianism do not have to rely on its evils and weaknesses. Let us adhere to the constitutional way, which has given us prosperity, happiness, and security.

RURAL TELEPHONE SERVICE

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes. The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 2960, with Mr. PRICE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule the gentleman from South Carolina [Mr. COOLEY] is recognized for 1 hour, and the gentleman from Kansas [Mr. HOPE] for 1 hour.

Mr. COOLEY. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I shall be very brief. I am going to rely upon the author of the bill, the gentleman from Texas [Mr. POAGE], to discuss the details of the pending measure. I do, however, want to say that this bill was reported by the House Committee on Agriculture by a very substantial majority; in fact, I do not recall that there was any opposition to the bill. I think everyone appreciates the necessity for this legislation. The evidence before our committee clearly indicates that there is a desperate need for rural telephones; the evidence further clearly indicates that private operating companies prefer to extend their facilities in highly populated areas and that they are not making too much progress in the rural sections of the Nation. I wish to say in that connection, however, that I believe the telephone company operating in my area, the Carolina Telephone & Telegraph Co., has made perhaps the best record in developing rural telephones of any company in America, and that company has rendered excellent service. It is easy for us to understand and to appreciate the importance of rural telephone service when, as has been pointed out by a former speaker, we have a desperate shortage of rural doctors and we have not yet developed rural roads to the extent that they should be developed in this country. A rural telephone is a great comfort and satisfaction to rural people; it is almost a necessity. If you could visualize some person living perhaps 15 to 20 miles away from a doctor's office or from a law enforcement officer, being faced with an emergency and perhaps not even having adequate transportation to go to a doctor's office or a sheriff's office in event of emergency, you could then appreciate just how helpful it would be for him to have the use of a telephone. If you could look at the record which we have here showing the situation in the rural areas, I think you would be impressed with the fact that very slow progress has been made in extending rural lines. As was pointed out a moment ago, even in the State of Pennsylvania in 1929, 43.5 percent of the rural homes had telephones. That percentage dwindled until in 1940 it was only 32.2 percent. They made some progress between 1940 and 1945 and now it is 40.4 percent; but in the State of North Carolina where I say great progress has been made in my section, the fact remains that in 1945 we had a total of only 14,539 telephones, or 5 percent of telephones in rural homes. Most of us know that unless we encourage the building of these rural lines they will not be built.

Some complaint has been made about the rate of interest at which these loans may be made and some reference has also been made to the rate of interest now paid by private companies. The fact is that private operating companies are eligible for loans under this bill and they are eligible for loans at exactly the same interest rate that is given to the cooperatives.

Mr. ALLEN of Illinois. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Illinois.

Mr. ALLEN of Illinois. Does the gentleman think the Government should

lend money to anyone from now on out at an interest rate below the cost of borrowing?

Mr. COOLEY. No; but I think the gentleman's suggestion of 3 percent is perhaps too high.

Mr. ALLEN of Illinois. I said 3½ percent. The Government is paying 3½ percent.

Mr. COOLEY. Two and one-half percent would be perhaps nearer right than three and one-half percent. We have to offer some inducement to the private companies or these lines will not be built. They will have to feel the pressure of the Federal Government and we will have to make them realize that unless they do build these lines the Government intends to build them.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. PATMAN. The going rate of interest, the average rate, paid by the Government is less than 2¼ percent.

Mr. COOLEY. I think the gentleman is right, and, in my opinion, 2½ percent would be as high as we should make the interest rate.

Mr. PATMAN. The average rate paid by the Government on the national debt of \$252,000,000,000 is less than 2¼ percent.

Mr. ALLEN of Illinois. What is the interest rate we are paying on the bonds that are being sold now?

Mr. PATMAN. That is only a small part of the debt.

Mr. ALLEN of Illinois. Right now the Government is attempting to sell bonds at 3½ percent.

Mr. PATMAN. The average interest rate is less than 2¼ percent. The Government can borrow plenty of money at that rate.

Mr. ALLEN of Illinois. What the Government is paying now has nothing to do with it.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. POAGE. The average interest rate paid by the United States Government for the last fiscal year was 2.182 percent. As the gentleman says, that is less than 2¼ percent.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Missouri.

Mr. SHORT. If the existing lines are extended and additional feeder lines are built, and we have more telephones throughout the country, is it not reasonable to suppose that the earnings of the main lines should really be increased?

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I yield myself three additional minutes.

Mr. Chairman, replying to the gentleman from Missouri, I think he is correct. The more rural telephones you have the more long distance calls you will have and more revenue will come into the hands of the private companies.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Mr. Chairman, the gentleman from Texas has pointed out that the interest rate during the last year was 2.182. We must remember, and we must bear in mind, that the Treasury is continually advancing the interest rate. There is no doubt about that. Anyone can ascertain that fact by going to the telephone and calling up. The short-term private rates are going up constantly. Your long-term rates are going up constantly. Furthermore, it is well known that the overwhelming percentage of the present \$252,000,000,000 debt, and I am talking about marketable securities, was financed on short-term paper which continually presents to the Treasury a roll-over problem. That creates a situation where we are more or less raking the financial markets in order to meet the needs of the Treasury. As you move into the deficit financing period, look what we are up against. How can any Member stand on this floor and justify a rate of interest below the cost of interest to the Federal Treasury? That is the only question I am interested in here. I want the people who borrow the money from the Federal Government to pay at least the cost to the Federal Government, and I think when they do that, you are getting along on fairly reasonable grounds, and I think the gentleman from Illinois was arguing that proposition.

Mr. COOLEY. If it is $2\frac{1}{4}$ percent, would the gentleman be willing for that provision to be inserted in the bill rather than $3\frac{1}{2}$ percent?

Mr. CRAWFORD. Well, I did not know that $3\frac{1}{2}$ percent was in the bill. I thought it was 2 percent.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I yield myself five additional minutes.

Mr. CRAWFORD. Mr. Chairman, if the gentleman will yield, what is the rate in the bill now, 2 percent?

Mr. COOLEY. It will be 2 percent, but the gentleman from Illinois suggested $3\frac{1}{2}$ percent, and I suggested that it certainly ought not to be more than $2\frac{1}{4}$ or $2\frac{1}{2}$ percent.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. PATMAN. Under the so-called easy financing by the Federal Reserve, the interest rates are going down and not up, and I think if you put $2\frac{1}{4}$ percent in here it will certainly cover the cost to the Government.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. POAGE. The Department of Public Debt does not pay even $2\frac{1}{4}$ percent. The Department of Public Debt only paid last year 1.781 percent and that, of course, is the fund from which this will be financed, and that is considerably less than $2\frac{1}{4}$ percent.

Mr. COOLEY. It is a fact that the rural electrification loans are made at 2 percent.

Mr. POAGE. That is right.

Mr. COOLEY. Is there any reason why we should not make the rural telephone rates at the same rate as the rural electrification rate?

Mr. POAGE. It seems to me that it is eminently fair to put out the same yardstick.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Indiana.

Mr. HARVEY. I would like to make this observation out of my own personal experience, which is that the interest rate at any reasonable figure is not so much a point of controversy as is the length of time for which you can get the money. We could not afford to borrow \$20,000 for our little company, because the best we could get would be a 5-year note, and that obviously might throw us into a very inconvenient time to renew it. So it is the length of time for which you can get a loan and not the rate of interest, and I think that is of primary concern to these small companies that will be wanting to borrow money.

Mr. COOLEY. I thank the gentleman. I would like to call attention to this one provision in the bill in which we give to the private companies the exclusive right for the first 6 months to obtain these loans and to build these lines, and no farmer-owned or controlled cooperative not now engaged in the business will even be eligible to file an application for the first 6 months. Now, if we give the companies 6 months to indicate their willingness to build these lines and to indicate that willingness by making an application, we are giving them an exclusive right to operate in this field of rural telephone building. That is clearly written into the bill. Actually one member of our committee in reading and considering that provision said, "Why, this is a bill to aid the private telephone companies now engaged in business," and that is practically what it is intended to do. It is intended that we, by this provision, encourage existing telephone companies to build these lines and to operate them under the free-enterprise system separate and apart from any control by the Government.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Georgia.

Mr. PACE. The truth of the matter is that what the committee wants is telephones for the farm people. It would prefer that they be constructed by private industry, but if private industry is unable or unwilling to do so, then the bill provides other means of accomplishing that end.

Mr. COOLEY. I think the gentleman is exactly right.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, there is no place for prejudice in national legislation. Yet this rural telephone bill, H. R. 2960, comes before the House with many deep prejudices. Because the

Dixiecrats want this bill, there are those who, disliking the independence of these southerners, have remarked that they would oppose the bill. I do not intend to mix up in this Dixie-Democrat fight, but I hope to be able to see straight and vote straight. Maybe the Dixiecrats should be punished—I do not pretend to know—but if regular Democrats intend to use their votes to get even with them on this bill, it is a grave mistake.

We have no right to punish the people in order to get even with their representatives. I certainly find very little fault with independence. I have myself, in a small degree, exercised that privilege in this House. I do not see eye to eye with my Republican brethren on many questions and I have been accused of being a black sheep in the herd, but if that charge is true it is only because I do not agree with the principle involved. It is not that I do not hold all Republican Members in the highest esteem. I know that they represent the interests of the people who sent them here, just as I represent the voters of my State who sent me. I have never questioned any Member about his vote because I take it for granted that a Member knows his own people best.

On this telephone bill these black sheep of the Democratic Party have a perfect right to their independence for so long as they reflect the wishes of their supporters.

The principle involved and not any "black sheep issue" should be the consideration on this measure.

I am for this bill regardless of who may be against it. The great majority of the Republicans may be against it, but that does not mean they are right. All this bill does is to provide funds so that existing rural lines may be modernized and new ones built, to the end that rural telephones shall be available to the people in the rural areas. The Government does not go into the telephone business. The Government merely extends credit over a period of years at low interest charges, but whatever is built is, and will be owned by the local people themselves.

No presently existing telephone organization will be put out of business as some suggest. Every local organization has a preference for 6 months to avail itself of the same benefits that are given to a new local line. Many of them are run down and about to disintegrate, and this credit will enable them to rebuild and extend their lines. Where there have been no lines before, this bill will make it possible for farmers to organize and build new lines. Large operators like the Bell System cannot complain, because in practically all cases this company would ignore outlying farmer's lines and leave the communities without phones. At present there are probably not more than 40 percent of rural people who have working phones, so there is a large field to be covered. Rural electrification lines are going in and since these same poles can be used for telephone wires the rural telephone lines are better than half built at the start.

If this bill would put out of business a single rural line, I would not be for it. But this bill does nothing of the kind.

It will strengthen every local line in the United States, because those lines can be modernized and extended by the aid of long-time money loans and low-interest rates.

The telephone in outlying areas of rural America is more of a necessity than a phone in the cities as far as health, market news, and machine repairs are concerned. Sickness in a family 20 miles from a phone is a serious matter. A broken cogwheel on a combine 50 miles from town is a handicap that no farmer should be called upon to overcome. Reports of market conditions should also be immediately available to farmers. They do have some radios but any 15-minute period missed on the radio means no news, while a telephone call to the local markets at any time will bring the desired information.

This bill will be branded as another communistic scheme—it will be called more regimentation of the farmers, but in truth and in fact neither is contained in the bill. Some will object to the measure because it will cost too much. Remember, however, we are not giving the farmers anything—we will get the money back. If this were a bill to cover Europe with local telephone lines and cost several billion, it would go through with a whoop, because we seem to take better care of the people in other countries than we do our own. Remember, also, that money to Europe is a gift—a total loss. When I hear this great economy howl and know it comes from those who sit here and vote for every foreign appropriation that so frequently finds its way into this House, I cannot understand the logic. In this bill we are helping the people of the United States, and especially those isolated farm families to make their own homes places where the family can live and be the equal of any other family in America; we are making it more difficult for communism to germinate in this country.

Actually then, this bill, instead of being a proposal to further communism, is designed to prevent this "ism" from taking root in this country.

Instead of giving away billions to Europe and other foreign areas, let us loan a few billion, if necessary, to maintain one country in the world where democracy is safe.

This is a fight between a giant monopoly on one side and two-thirds of the rural people of the United States on the other. Because of an exclusive franchise granted the Bell Telephone System years ago, this company—by 1893 when the franchise expired—had gathered in the principal lucrative telephone business of the country and today operates 82 percent of all telephones. Rates are high and in some sections it costs more to have a telephone than it does for electricity for light, heat, and labor-saving appliances in homes.

In 1876 when the Bell System was granted a monopoly on the business, there were 2,593 stations but by the time this monopoly expired in 1893 this number had grown to 266,431.

A report by the Federal Communications Commission says:

The Bell Telephone System developed historically into its present position of domi-

nance in the communication field; first, through the protection of the patent laws which made it an exclusive monopoly to 1893; second, by expansion of properties in the territories preempted during the period of exclusive monopoly; and third, by the process of acquisition of independent properties and companies. Although there are a large number of independent companies in operation at the present time, they control but a small segment of the telephone business in the country.

Thus the 26 associated Bell companies own and operate 82 percent of the Nation's telephones, while 6,200 independent companies and 50,000 to 60,000 mutual systems and lines own the remaining 18 percent or about 6,800,000.

Following the release of Bell patents in 1893, numerous enterprising individuals and groups organized small companies to serve larger towns and some smaller towns, with occasional lines into rural areas. However, no attention was given to providing rural service except to the more populous suburban areas. Thus, it became necessary for farmers and other rural people to organize cooperative and mutual systems in order to obtain telephone service. This was true generally, even in many of the most wealthy farm areas throughout the Eastern and Midwestern States. Today, thousands of small systems and lines, some of which serve only a few stations, are maintained by groups of farmers and other rural people on a mutual basis without any substantial organization and with a minimum of financial resources. Most or all of these mutual systems and lines are interconnected with the Bell System, with varying switching charges and arrangements concerning toll revenue.

In addition to the 82 percent of the industry that is controlled directly by the associated Bell companies, a substantial number of the larger independent companies are controlled by Bell through stock ownership and otherwise.

The farm telephone situation in North Dakota today is a disgrace to the industrial inventiveness and modern-day achievements of this country. Despite the tremendous need farmers of the State have for telephone service, barely a third of the farms have telephones of any kind. Even more distressing, however, is the poor and unreliable service those farmers who do have phones, must put up with.

There are a few sections, of course, where farmers are able to enjoy telephone service comparable to that found in town. But this is the exception rather than the rule.

The problem is not that the farmers of North Dakota and other States do not want or do not need telephones. As a matter of fact, what progress has been made in my State is directly the result of the work by farmers themselves. More than 30 years ago they began to work for telephones and ended up having to build their own lines through their own mutual systems. But while they made a start, these rural systems for the most part have not been able to keep up with progress in the telephone industry. They simply did not have, and do not have, the capital with which to modernize.

Up to now there has been no solution to the problem. For example, I know of farmers who have tried to give their mutual systems free to the larger telephone company serving the nearby towns. These offers were met with rebuffs—which demonstrates full well that, despite what they say, the big telephone

companies are not extending service to the farmers of North Dakota.

The situation in North Dakota shows the need for a telephone program, and it is the same throughout America. Low-cost financing of the kind provided in this bill is the solution for helping the farmer's mutuals and independents do a real job of extending and improving telephone service to their patrons.

When any measure comes up in this Congress or in a State legislature that is designed to help the great majority of the people of the country the stock argument is that the measure means more regimentation of the people, that it interferes with our way of life. I have heard that argument many times in this Congress and in the preceding Congresses of which I have been a Member. It was heard during most of Jefferson's administration; it was heard during Lincoln's administration when he issued greenback currency; it was heard during Theodore Roosevelt's administration, during Wilson's administration; it was heard with a vengeance in Franklin D. Roosevelt's administration, and it is still heard.

There was a time when common wagon roads were privately owned, and to use them the people had to pay a toll. When the first public road in America was built with Federal funds the debates show that a great howl went up that the scheme was socialistic and an interference with our way of life. But Jefferson put the measure up to Congress, and it passed, and that marked the end of privately owned wagon roads. Today we would be highly incensed if we had to pay a toll to travel on the highways. The Cumberland Road was this first public highway and stretched from Cumberland, Md., into Ohio to open up western areas to settlers—our first venture in federalized highways.

When Jefferson made the Louisiana Purchase more howls went up, but when that great empire was carved into free lands for the people and the prairies and valleys were settled and prosperous villages and cities appeared where there was barrenness before, that socialistic howl subsided.

So it has been with every movement in the United States which attempted to serve the people. The Tennessee Valley Authority was another enterprise that even to this day is branded a socialistic scheme and one that interferes with our way of life. When, however, the yardstick of electricity charges reduced the power bill of the people by \$2,000,000,000, there were very few of the voters in America who wanted to dispense with this service. The private power companies still say and print that this is an interference with the American way of life and they would wreck the whole project at once if they could.

When private industry could not furnish jobs for the people in 1934 and 1935, the Government created work and the people ate again. That was socialistic in the highest sense of the word and some people have not yet gotten over talking about this great socialistic "scheme." The people, however, came through and better days were ahead.

And now today, when farmers cannot get phones to distant sections at all and when they have to pay exorbitant rates for the service furnished by the telephone monopoly, more wails go up that we are interfering with private business and destroying the American way of life. That isn't the way of the American people, it is the way of life of the great monopolists who see their profits dwindling.

I have always and do now take my stand with the people and for the general public good.

Mr. POAGE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the bill before us today was reported out of the Committee on Agriculture on March 9, 1949. It was reported after rather extensive hearings by a subcommittee which went into considerable detail. The hearings have been available for your inspection for more than 4 months.

After the subcommittee had finished, it was considered for approximately 1 week by the full committee, and it was reported by a unanimous vote of all the members of the full committee. I understand certain Members may offer amendments, but I want the membership of this Committee to know that the committee which studied this matter and heard the testimony was unanimous in feeling that we should pass this bill.

For approximately 4 months you have had it available for consideration and discussion. There should be a general understanding of this bill, and I think there is a general understanding of the purposes of the bill. I do not believe it is necessary for me to call attention to the need for the bill. It has already been pointed out that the percentage of rural homes in America now enjoying telephone service is smaller than it was 30 years ago. It has already been shown that since 1935, when the Rural Electrification Administration was first organized, there has been an increase of more than 750 percent in rural homes that enjoy electrification. During the same period of time the percentage of rural homes that enjoy telephone service has barely doubled.

Mr. O'HARA of Minnesota. Mr. Chairman, will the gentleman yield at that point?

Mr. POAGE. I must yield to the gentleman, but after I have yielded to him I would like to complete my statement before I yield further.

Mr. O'HARA of Minnesota. I appreciate the gentleman's courtesy very much.

I have been informed that there were a million rural telephones put in since 1940. Does the gentleman disagree with that figure?

Mr. POAGE. Those figures were given to the subcommittee and to the committee, and I am not going to disagree with them, although there have been other figures given to the committee to show that there were only something like that number of poles put in by the Bell Telephone Co. during the same period of time. That would mean that there could be but one pole to the telephone and if they got very far out into the country they certainly could not have connected

that many people. They had to connect them very close to the city limits if they got one telephone to the pole. I am not going to question these figures. Those are the figures that were given. But the figures with reference to the poleage seem to me just as impressive. The figures I have quoted you are figures of the United States Census Bureau. They are not estimates of any telephone company or the REA. I am giving you the figures of the United States Census when I tell you that in 1920 there were 38.7 percent of the farms with telephones, and in 1945 there were only 31.8 percent of the farms of America with telephones.

I do not think it necessary to discuss the need. I think every one of us knows the need. As a matter of fact, I recall that 45 years ago I lived 30 miles from the nearest railroad and we had a telephone. Today that same house does not have a telephone.

I call your attention to a copy of a letter sent to me day before yesterday. It is not from my own district but it is from Henderson, Tex. It is dated May 23, 1949, and it is signed by W. T. Moore, division manager, the Southwestern States Telephone Co.

The letter reads:

We have your letter of May 21 together with yours of April 9, which was returned from Brownwood. It will be impossible at this time to extend our lines to the Atoy community. Our company has applications for some 8,000 telephones, and most of these are within the city limits of the towns in which we operate; therefore, it will be necessary that we take care of these applications which will be quite a long procedure before we can give consideration to extending our lines into rural areas.

It seems to me that that clearly expresses the attitude of too many of the telephone companies. It shows that the company is interested first in the more lucrative urban business.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman, although I had hoped to be allowed to complete my statement.

Mr. HAYS of Ohio. I was wondering if there is any tinge of socialism in this bill at all?

Mr. POAGE. I do not think there is anything socialistic in allowing the Government of the United States to advance funds to private industry to provide the people of America with needed service. I think that only through following out that policy can we avoid going all the way toward socialism. I think that we avoided it for the great power companies of America by the creation of REA; had we not established REA, I think it is fair to suggest that we probably would be suffering from Government ownership of all sources of power today. I think that if we deny this credit to our people today that we will probably find that the demand for this service will result in complete Government ownership of the telephone system, and I say that advisedly.

Let me call the attention of the Committee members to the fact that the telephone service is the most vulnerable of all of our services from the standpoint of public ownership, because it is the most monopolistic; monopolistic both in na-

ture and in practice. The greatest monopoly in this world, the largest corporation, is the American Telephone & Telegraph Co. They serve 81 percent of the telephones of America today, whereas they serve but 18 percent of the territory. They serve the most profitable business only. Any system, any company which gets into the position of being a monopoly is liable to the threat of public ownership. Only by giving reasonably adequate and cheap service can a program such as the telephone program avoid the threat of public ownership. As one who believes in private ownership, I have submitted this bill, because I believe it is the best insurance that we can offer against public ownership of the telephone system. If we give to the people of the rural areas, of the remote areas where service is not so good, if we give them an adequate service at reasonable prices through private ownership there will be no demand for public ownership. This bill proposes to make that credit available to private concerns.

Mr. HAYS of Ohio. Does not this bill go beyond making credit available?

Mr. POAGE. No; this bill does not go beyond making credit available.

Mr. HAYS of Ohio. It permits cooperatives, does it not?

Mr. POAGE. Certainly it permits cooperatives, in the sense that it does not prohibit or create them. It offers loans to either cooperatives, or to individuals or to private corporations, but it offers credit, nothing more.

Mr. HAYS of Ohio. That is something I want to know.

Mr. POAGE. Mr. Chairman, I must decline to yield further. I hope to explain the provisions of the bill, and I believe I can save the time of the Committee if I decline to yield.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. POAGE. No; Mr. Chairman, I must again decline to yield.

The CHAIRMAN. The gentleman from Texas declines to yield.

Mr. HAYS of Ohio. Mr. Chairman, I make a point of order that a quorum is not present.

Mr. RANKIN. Mr. Chairman, a point of order: A Member has no right to interrupt the speaker to make a point of no quorum.

The CHAIRMAN. A point of no quorum may be made at any time.

Mr. RANKIN. The gentleman from Texas did not yield for that point.

The CHAIRMAN. The point of no quorum is in order at any time.

The gentleman from Ohio makes the point of order that a quorum is not present. The Chair will count. [After counting.] One hundred and eight Members are present, a quorum.

The gentleman from Texas will proceed.

Mr. POAGE. Mr. Chairman, I announce now that until I have answered the questions that have already been asked, it is not my purpose to yield further. The gentleman from Ohio asked if this bill did not go further than providing loans for telephone service. The bill provides only that the Rural Electrification Administration may make

loans to provide rural telephone service on the same terms and conditions that it now makes loans for the extension of electric service. It does not authorize the Government or any agency of the Government to go into the telephone business.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. POAGE. Mr. Chairman, I yield myself two additional minutes.

It does not authorize anybody who is not now authorized to do so to go into the telephone business. It simply sets the REA up as a bank similar to its existence at the present time for electric service. It simply extends for telephone service exactly the same banking service we now have for electric facilities, but it takes special care to see that those now engaged in telephone service are thoroughly protected.

First, it requires the Administrator to make a finding, before he can make a loan, that the loan will probably be paid. I want you to get this because it is not in the provisions for making electrical loans. That finding has to be made and it is appealable to the courts. The Administrator cannot make that finding if there is reasonably good and adequate service in the territory where the new operation proposes to operate, because you know and we all know as a practical matter that you cannot go into a district or into a territory where there is good service and set up a competing telephone service and hope to make it pay out. You have to find some territory where there is practically no service or where the service is very inadequate if you hope to pay it out. That is our first protection to the operator.

This bill specifically provides that for the first 6 months of its operation no one except an existing telephone operator who is now giving rural service may even apply for a loan. Is that socialistic? Is that trying to put the Government in business when you say that nobody but the existing telephone operator may even apply for a loan in the first 6 months? After that period of time we provide that the existing operator has preference. He is given the first preference and this preference is expressed in words just exactly like the telephone people asked when they appeared before the committee.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman.

Mr. YATES. How would such a 6-months' provision bear upon the question of the organization of cooperatives that may want to engage in this type of business during the first 6 months of the act?

Mr. POAGE. It would exclude them for the first 6 months. It would exclude the cooperatives. It would exclude everyone except the operator who is now on the ground giving rural telephone service.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. POAGE. Mr. Chairman, I yield myself two additional minutes.

Mr. Chairman, it gives to the man who is now furnishing service an absolute

and exclusive monopoly for the first 6 months. He can look over his system, survey it, see if it needs improvement, and if it does, apply for a loan at a cheap rate of interest. In that position he is able to meet any and all opposition. Is that socialistic or is that trying to protect private industry that is already there?

Then there is a committee amendment in the bill which provides that in any State where the State law requires the issuance of a certificate of convenience and necessity by a State agency, that such certificate must be issued before the Administrator can consider a loan. Is that socialistic?

Mr. Chairman, we are requiring consideration of all of the factors that the laws of any State in this Union require. We protect you, and you, and you, in all that your State requires. Instead of this bill being branded as socialistic it seems to me that it should be named, "A bill for the protection of small independent telephone operators who desire to extend service to the rural areas."

Frankly, those of us who suggested this bill want to see the telephone service extended. We are not here quibbling about how it is to be extended or who is to extend it. We want to put telephones out there where there are none today. If they are not put out there the Government is going to be called upon to put them out there.

Mr. WAGNER. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Ohio.

Mr. WAGNER. Would the gentleman say that a telephone is more necessary for a man's well-being and his life than a home?

Mr. POAGE. Than a home?

Mr. WAGNER. That is right.

Mr. POAGE. It might be more necessary for his life in certain places, yes. For his well-being, I would think not.

Mr. WAGNER. What is the opinion of the gentleman as to whether or not the housing bill is socialistic?

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. HILL. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA of Minnesota. Mr. Chairman, if I might have the attention of the gentleman from Texas [Mr. POAGE] the author of the bill, I should like to ask him one or two questions with reference to it. The provisions in the bill as to those who are eligible for loans includes, on line 24, public bodies. May I ask the gentleman what was intended by that term?

Mr. POAGE. It is intended to cover the existing electric authorities that have been created in about 14 States, under State law, some of which have the authority under existing State law to engage in telephone service and some of which do not. It is intended to cover those, and I think actually there are about 7 or 8, and frankly, there is considerable dispute in some of the States whether they have that authority or whether they do not. But we know that in some of the States they have the authority under existing State law to en-

gage in telephone service, and we hope to cover them all, everybody who has the authority to engage in telephone service.

Mr. O'HARA of Minnesota. Then the provision would authorize other than private companies and cooperatives to go into the telephone business in those States, particularly where they authorize the municipal bodies to operate them?

Mr. POAGE. That is right. If the gentleman had had an opportunity to hear me when I attempted to explain the matter he would have understood—but I am afraid there was considerable discussion at the time. I tried to point out very clearly that we were making these loans available to anybody who now has the authority under State law to engage in the service.

Mr. O'HARA of Minnesota. Will the gentleman permit me to ask him one other question?

Mr. POAGE. Certainly.

Mr. O'HARA of Minnesota. Because my independent companies have been very concerned as to why the word "acquisition" was put in in two places in the bill. For instance, on page 4 it provides for acquisition. Before the gentleman answers the question, in no place in the REA Act was there any such language as "acquisition," and I wondered why it was necessary.

Mr. POAGE. The reason is that under the REA Act we were dealing with large power companies where it was not necessary to acquire them to keep them from losing all of their assets. Under this bill we are dealing with 53,000 telephone companies—at least they are called companies. They are mainly mutuals or cooperatives, but many are privately owned. We recognize that as progress is made in the telephone business many of them must go out of business, and unless we make provision for making loans to acquire their facilities, they will get absolutely nothing for them. It is to protect some of those 53,000 who now have their investment in telephone lines; about 50,000 of them have nothing in the world except lines. We make it so that they can sell out, if there is an improved system established in the community, so that that system can get the money to acquire the existing facilities without simply making those facilities worthless.

Mr. O'HARA of Minnesota. The gentleman, as I gather from what he has just answered me, says that the word "acquisition" is for the benefit of those companies that are in existence and is not put in there as a promotion scheme, perhaps, for some of the private promoters to come out and organize these telephone companies to run these independents out of business.

Mr. POAGE. I assure the gentleman that is the purpose. I assure the gentleman that nobody on the committee had any intention or purpose that it might be used as a promotion scheme. Of course, we cannot guarantee that there will not be some wolves in sheep's clothing, sometimes.

Mr. O'HARA of Minnesota. Let me assure the gentleman that some of these little independent companies, and believe me they are independent, are worried as to that very feature. They are

very seriously worried. That is why I wanted the distinguished gentleman to give us the reason for and the purpose of the word "acquisition." My independent people are very worried about it.

Mr. POAGE. I can assure the gentleman that is the reason for it.

Mr. HILL. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I wish to devote this time to the discussion of interest charges.

All Members have access to the daily statement published by the Treasury Department. The one I have here is as of July 1. It came to my desk this morning. It breaks down the \$250,000,000,000 of interest-bearing debt into the marketable issues, that is, the public issues, the nonmarketable obligations, which are made up mostly of the savings certificates, and the special issues, where the funds of the Canal Zone, the civil service, the Alaska Railroad, the retirement fund, and such as that, are invested, together with the social security.

Listen to these figures. The marketable issues, which include all of the short-term paper, which is very, very heavy these days because the Treasury finances on the basis of short-term paper in order to participate in low-interest rates, amount to \$155,000,000,000. On those you are paying an interest rate of 2.001 percent. That includes all of the marketable low-interest-rate paper, some of it as low as 1.17 percent. There is \$11,000,000,000 of that. You are paying 1.22 percent on \$29,000,000,000 and 2.31 percent on \$110,000,000,000, but the average of the marketable issues, totaling \$155,000,000,000, is 2.001.

In your nonmarketable issues, which include the savings certificates and the investment series, you have a \$62,000,000,000 investment, and the interest rate on that is 2.182; in other words, 0.182 percent more than the 2 percent provided for in this bill. So here you are proposing to lend money below the cost of the interest to the Treasury.

On the special issues, where you have your social-security funds, retirement funds, and civil-service funds invested, you are paying an interest rate of 2.596. You are moving up pretty close to the 2½-percent interest rate.

The average rate on the \$250,000,000,000 of interest-bearing debt, which includes the marketable issues, the social-security investment trust funds, and the savings certificates, is 2.236 percent, or nearly 2¼ percent.

Referring to another section of this same statement, we find that the REA at the present time owes the Treasury \$1,015,000,000. Those are the sums advanced by the Treasury to the REA. The RFC, for instance, has had advanced to it by the Treasury \$1,856,000,000. If those two agencies want money, they simply go to the Treasury for it instead of putting their issues out on the open market. With respect to the so-called free-and-easy-money-market policy established by the open-market committee of the Federal Reserve System, only a few days ago, that is any man's guess. For instance, one of the members of the

open-market committee made the observation the other day to the effect that the statement made by the open-market committee which was unanimous on the part of the members of that committee, can be interpreted by any member of the open-market committee to mean what any member of that committee thinks it should mean under any possible conditions that may develop in the future.

That is some of the financial market rigging which I referred to the other day. During the past several weeks our Treasury Department and the Federal Reserve Banking System have taken step after step toward rigging the financial markets of this country. In making that statement I do not criticize either the Treasury or the open-market committee or the Board of Governors of the Federal Reserve System. I simply point out and wish to emphasize that your financial markets all over the world, particularly in those countries tied in to the Atlantic Pact are now so disturbed and there are such enormous government debts to be dealt with and so much deficit financing that the so-called banking systems of the world spend a great deal of time rigging the financial markets.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. HILL. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. MASON. I would like to have the gentleman's opinion on what the effect will be on the market for United States securities and the effect on interest rates if we go into deficit financing, as it seems we will.

Mr. CRAWFORD. The Treasury Department has already planned to issue the first \$200,000,000 worth of new deficit financing paper. About this we shall know more when Secretary Snyder returns from London. We are already moving into the new period of deficit financing. It is here. There are no ifs, ands, or buts about it. The consequences of all this are that the long-term bonds are advancing and the interest rate is declining.

As the market on the bonds advances, the interest rate automatically declines. Holding institutions of these marketable issues, if they go out today to buy these long-term bonds, pay an up and up and up price. So, having bought those bonds at an increased price, the interest return on the investment is naturally declining. That is what the gentleman from Texas [Mr. PATMAN] meant when he spoke about the interest rates going down. This is a rigged market designed to head off the depression which many people say is coming. The Treasury and the Federal Reserve Board and the open market committee does that specifically. That is a rigging of financial markets, but at any moment a boom might begin to take place and the open market committee can change its course, as I pointed out a moment ago, and interest rates can very suddenly go up. They can go up at any time within 30 or 60 or 90 days when the Treasury Department puts out

a new issue of short-term paper. We should have this debt of ours financed with long-term paper, so that the market would not be continually disturbed. So, certainly, we should have in this bill an interest rate which covers the cost to the Treasury.

Mr. POAGE. Mr. Chairman, I yield 7 minutes to the gentleman from Nebraska [Mr. O'SULLIVAN].

Mr. O'SULLIVAN. Mr. Chairman, I took a somewhat active interest in this matter when this bill was before the subcommittee on Agriculture of which the gentleman from Texas [Mr. POAGE] is chairman. It was my thought after reading the bill and giving it some consideration that it was a perfectly good and proper bill and I am of that same opinion still. I surely hope that no sectionalism will be involved in the vote here today on this splendid bill. This is a bill which should be passed. It is a bill which will not hurt anyone except possibly some bankers and suppliers of telephone materials and equipment. In support of these contentions I state that this situation developed in the hearings. I asked a great many questions during the taking of testimony. I could not understand why any telephone company, any existing, decent company, whether privately owned or cooperative, could object to or be against this bill. We all know that there should be more rural telephones. We all know that if these companies are required to put in rural lines to supply the people with telephone service in rural and neglected areas, that it will be a losing proposition for some years. So, to make it attractive, and so that those companies would not lose too much money at first, we seek to institute this program of a long-term loan, covering 35 years, with a 2 percent interest charge. They cannot afford to develop those areas without this legislation.

This money can be borrowed by any existing company from REA. These existing companies have an exclusive monopoly to do this developing for the first 6 months. Yet I have found that many people appeared before this committee, good businessmen, and resisted this legislation to the utmost—to the last legislative ditch, so to speak. They said they did not need any 2 percent money. They said they did not need any 35-year loan, and they admitted that they could borrow money under this bill on the above-mentioned terms but they did not want to go through the REA. They wanted to run it through the FHA. I guess for the benefit of the bankers, and have the loan guaranteed by the Government.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. O'SULLIVAN. I yield.

Mr. POAGE. Did not the same group of people tell us that the average rate paid on loans by independent telephone companies today was in excess of 7 percent?

Mr. O'SULLIVAN. That is correct.

Mr. POAGE. With each telephone valued at \$200, that would be \$14 a year. That is more than a dollar a month for each subscriber.

Mr. O'SULLIVAN. Yes.

Mr. FOAGE. If they got this new money at 2 percent they could cut their rate by nearly a dollar a month and still make as much money as they are making now.

Mr. O'SULLIVAN. Yes, that is right.

I want to call the attention of the committee particularly to the testimony on page 171 of the hearings. I had the following colloquy with Mr. Widen, who appeared as a witness before the committee:

Mr. O'SULLIVAN. Men are fighting to get loans at the lowest rate of interest possible. Your company has stockholders, and the stockholders are interested in different kinds of returns, including dividends. They are interested in seeing this country run along the lines of economy. If, as far as your future development is concerned, in these so-called blighted areas where it is too expensive to do this work, it might be helpful if you could get 2 percent money on a long-term basis so that in the long pull, we will say 30 years from now, it might develop into paying business, then you should support this bill.

Mr. WIDEN. The testimony I have heard has indicated that it may be possible to arrange for such 2-percent money and still let the telephone industry go ahead and take care of the telephone business.

Mr. O'SULLIVAN. I think it is agreed that, with perhaps one or two exceptions, no one in this Congress would want to have this Government control or harass you or give you any governmental interference. But when the Congress is trying to be helpful to you, trying to see that these blighted areas get telephone service, and to help you do it by providing for an arrangement to use the power lines and other equipment of REA on 2-percent money, that is not kicking you in the pants. That is helping you.

So it goes, on and on, and I recommend that you read these hearings carefully. This man had the audacity to say that he did not want 2-percent money for his stockholders. He wanted to pay a larger rate of interest and he wanted these loans channeled through the FHA so that as I said before that possibly the banks would get a cut out of it. The whole thing is so patently plain that what they want is not economy, but they want to take care of their own little business cliques and take their own sweet time in giving neglected rural areas relief.

Furthermore, you will find from reading the hearings that by inference it appears, that the bankers are against this; they want their cut out of it. The suppliers who furnish telephone equipment and material want their cut out of it, and if they went to REA they would not get it. It is just plain free-enterprise selfishness. These men are not working in the best interests of their stockholders; they are cutting down dividends to give some preferred group or groups a chance to make some money out of their expansion programs in rural areas.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. O'SULLIVAN. I yield.

Mr. YATES. Are not the references to the group about whom you are speaking covered in section 201 of the bill? On what basis does the bill seek to give preference to persons providing telephone service in rural areas, and to public bodies, cooperative, nonprofit, limited-dividend, or mutual associations? They

are already in the field; for what reason should that preference be given?

Mr. O'SULLIVAN. I do not know whether you have selected the proper section or not which relates to these preference groups but those who have existing telephone lines and facilities are given a 6 months' preference under this law. This was done as a matter of common justice and also just to satisfy these people who have built up and made the telephone business what it is today, and who have the over-all know-how. It was the thought of the committee and the drafters and sponsors of the bill to give these people a preference because they have the know-how and let them have, not an everlasting preference, but a 6 months' preference to start to do the job of extending their present lines and facilities into neglected rural areas which we find throughout our country, and if they—this preferred group—do not act within that time, then others may step in and do the work. We thought that they should have such a 6 months' preference.

I hope that this bill will find a place in the law of the land and urge all to support its passage.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Chairman, when the rural mail service was first established, more than half a century ago, it was regarded with great hostility as a scheme which would prove unworkable, a most costly experiment which would prove to be impracticable as well as expensive. Even the relatively few advocates of such a mail system were doubtful of its success on a wide scale. Dire predictions were made as to the ultimate consequences to the Nation even if it proved to be as favorable an innovation as only a few thought it might be.

But now the large part of the agricultural area is served by such a rural free mail delivery system, which continues to be extended and expanded from year to year. After 50 years the system still is incomplete as further surveys are being made to bring the service to the door of every farm home.

The benefits of the rural mail service have been so great that nobody now questions its value to town and country alike. Even the hostile objections which seemed so apparent in the pioneer days of the rural mail service have been forgotten. Farm methods and farm life have been vastly improved in that half century, and even now rural mail service lags in spots in spite of the progress made. Nobody advocates curtailment or abolition of the system.

When, but little more than a decade ago, rural electrification was proposed to take the modern electrical devices to the farm homes of our country, the proposal met with the same form of doubt and objection as were at first raised to the rural mail service. Taking electric light and power to the millions of farms without such service had been limited, and only Government assistance and long-term financing made REA possible. It has proved a wise form of Government aid. Now more than two-thirds of the

farms of the country have become electrified. Along with an enormous expansion of REA there has been extension of private utility lines to thousands of farms. REA not only became a successful system of its own, but it soon demonstrated to public utilities that the farms could and should be profitably supplied with electric service.

And the REA is paying out. The Government has lost little if any of the financial aid it has extended. So great has REA become that it has benefited the thousands of rural cooperators, but urban as well as country life has been vastly improved by this particular form of Government assistance. Great generating plants which could not have been possible through public utility financing furnish the electric current for millions of farms and in some instances to the public utilities which, in some areas, have been unable to expand their facilities to meet the demand.

Now comes this bill H. R. 2960 from the Committee on Agriculture authorizing the Rural Electrification Administration to make loans for the expansion and improvement of rural telephone service. It would provide the same system, the same terms and conditions which REA has employed in making loans for farm electrification.

There are approximately 178,000 farms in Wisconsin. In a great dairy State with thousands of small farms, it might be supposed that telephonic communication with farm homes would be almost universal.

Such is not the case. In 1945, when the last census of such telephones was taken, only 86,107 farms had any kind of telephone connections. There were 91,638 farms wholly without telephone service. In the census of 1920, 59 percent of the farms were connected with some kind of telephone system. In 1945, that percentage had dropped to about 45 percent. No other facts are necessary to establish that there is an urgent demand for a Federal policy which will prove sufficient for an immense purpose.

The bill before us is intended for the benefit of existing telephone systems as well as cooperative endeavors, for privately owned and controlled systems as well as newly organized associations. Amendments to the measure insure that there will be no duplication of telephone systems, but Wisconsin, by law enacted over 40 years ago, stopped such duplication by requiring that its public-utility commission should have complete jurisdiction over all applications for new utility systems. The present measure specifically would prevent that form of competition with existing lines.

Those who insist that the loans made for the purpose of the bill should bear a higher rate of interest might bear in mind that our Government, by the authorization of Congress, has loaned billions to foreign countries at less than 1 percent interest, with little or no assurance that either principal or interest will ever be paid. It would not be wise to foreshadow failure of rural telephone lines by imposing a much higher rate than now is being paid by REA.

I heartily favor the enactment of this measure. It is another step for a better farm life and better farming facilities. Its need is apparent and the enactment should be made.

Mr. FUGATE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. FUGATE. Mr. Chairman, I am supporting H. R. 2960. This is a bill to amend the Rural Electrification Act of 1936. The purpose of this bill is to provide telephone service for rural areas not now served. I want to emphasize that H. R. 2960 does not propose to displace or supersede any existing service.

Where private, corporate, cooperative, independent, and mutual companies are operating, this bill protects them. As a matter of fact, it not only secures for them the territory in which they are operating, but it makes available to them additional funds on the same basis, at the same interest rate.

It specifically gives them the right to enter any unserved section first. They have 6 months to make a survey and indicate what territories they desire to serve before any other person or company can build a line. Moreover, no funds will be loaned unless the party presents a certificate of convenience and necessity, issued by the State regulatory body, having authority to regulate telephone service, to the Rural Electrification Administrator, in States where required.

No loan shall be made for improvement, construction, acquisition, and operation of telephone lines until after the Administrator has determined that the service is necessary. Furthermore, loans shall not be made unless the Administrator finds and certifies that in his judgment the security is ample and that such loan will be repaid as stipulated.

Money made available, if this bill is enacted, can be used for loans only. No grants in aid or otherwise are authorized. It is true that rural telephone service will be subsidized. The difference between the interest rate of 2 percent, which this bill will provide for borrowers and the prevailing rate paid by existing companies represents a subsidy. However, the Government can lose only the difference between the 2-percent rate and the rate currently paid for money, which is about 2½ percent. Increased business and additional property for taxation partially offsets this.

Testimony presented to the committee indicated a source of needed financing that would make available loans to be repaid over a longer period than banks could safely provide. Amortization loans will be made not to exceed 35 years. This is the same period as loans are made under the Rural Electrification Act.

One provision in this bill, which will be of assistance to small independent companies, is an amendment whereby they can borrow money, on the same terms, to refinance existing indebtedness. Under this amendment, a company can negotiate a loan, pay off its obli-

gations and use the balance to improve and expand its facilities.

Mr. Chairman, the Committee on Agriculture has brought in a good bill which deserves our support. It is legislation needed to provide for the farmers of America an opportunity to have in the country that which the cities have had for years. It is a social and economic necessity. Farming has become mechanized. Often it becomes necessary to find repairs in the midst of harvesting a valuable crop. The farmer should have the same public utilities available for the efficient operation of his business as other citizens enjoy. He should not be penalized because of his isolation.

The producers of food and fiber should have his needed service. It will not cost the taxpayer but little, if anything. This is the kind of legislation that commends itself to every fair-minded person.

Mr. POAGE. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CHRISTOPHER].

Mr. CHRISTOPHER. Mr. Chairman, I hope we do not make a sectional or personal proposition out of this telephone bill. The thing we want to consider is the folks who need the service and whether we should give it to them or not. If we have anything of a sectional or personal nature, let us take care of that on the street or in the halls or over at the boarding house or out at our apartment. Do not bring it on the floor of the House. I am myself considering the folks out in Missouri who need telephone service.

I want to tell you a little thing that happened before the turn of this century. You know, getting old has some compensations. You can look back and see things that happened in the days of your youth that have an application now.

Back about 1898, or more than 50 years ago, my father put me on an old gray mare, and gave me a sack that had a plowshare in it and said: "Take this down to the shop and have it sharpened."

When I got down there two or three other men were ahead of me. I laid my plowshare down and sat and listened to a conversation between two old gray-headed men. One said to the other: "Did that fellow stop yesterday that was trying to organize the RFD route out of Butler? Did he stop at your place?"

The other man said, "Yes; he stopped." "Did you sign up to have your mail delivered?"

"No; I did not. Did you?"

"No; I did not. You know, I only get four letters a year and three of them are duns. I would be happier if I never got them and I do not care whether I have my mail delivered or not. I went to Butler ever since I came to this county to get my mail and I can still go." He lived 12 miles from town over muddy roads, but he said "When I want my mail I know where it is and I can go and get it. This thing is going to bankrupt the Federal Government, you know that as well as I do."

He said, "It is a scheme to get a lot of fellows a job with good wages to ride around delivering mail, while we work like the devil to pay their salaries."

He said, "I am not in favor of it."

The other fellow said, "I am not, either. I am not going to let them deliver my mail."

He said, "Just think, that is happening all over the United States."

One of these old fellows laid his hand over on my head, just a little fat farm boy who took a plowshare to the shop, and he said, "I do not care for myself, I will not be here very long, and neither will you, but I am thinking about these little fellows like this one."

He said, "They are going to saddle a debt on this little boy that he and his children will never be able to pay. He is just going to become a galley slave."

I began to get scared. Finally my plowshare was sharpened, and I went home. The first thing I said to my father was, "Daddy, what is a galley slave?"

He said, "Why, son, what made you think of that?"

I said, "Well, somebody in town said I was going to be a galley slave, that this rural free delivery was going to saddle a lot of debt on me and you that would take away our farm and make a galley slave out of me. If I am going to be one of those things I want to know what it is."

He said, "Oh, son, I think the old Roman warships were pulled with oars, and they were pulled by a lot of men down in the hold of the ship; they were called galley slaves. When they captured a nice young man who was strong, they put him down there and worked him to death. But don't you worry too much about that."

Mr. Chairman, that happened. I am not just telling a story up here. I lived through it.

Every bit of service that has been proposed for farm people from that day to this has been characterized as bankrupting the Federal Government and making galley slaves out of us. I do not feel like a galley slave; I have not become one yet, and I do not believe you folks are. I hope when this measure comes up to a vote you will support it and we will give these people in the country, that cannot get telephones any other way, some telephones.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, I wish to direct attention to one or two factors which I believe should be taken into account in the consideration of this bill.

The present financial condition of the Treasury makes our job more than one of merely deciding whether a program is good or bad. We cannot afford all the things that are good. I am fully aware that the telephone service in many rural areas is very much in need of improvement.

I would have preferred to have this bill amend the law relating to the Reconstruction Finance Corporation by making long-term low-interest-rate loans available to small companies for needed equipment and required engineering skill to

improve their service, and by aiding territories without telephone service in financing the building of new companies.

This present bill provides that the loans will be made available by direct appropriations from the Treasury. We are now making more appropriations than we are receiving in taxes. If loans were handled through the Reconstruction Finance Corporation it would not present this budgeting problem.

It is also my feeling that the Rural Electrification Administration should stick to its main job. It has not finished by any means. Approximately one-half of the farm homes in the State of Nebraska have not yet been reached by rural electrification. My concern is for the farm family which is still washing lamp chimneys, trimming lamp wicks, cooking on a kerosene stove, and doing without electricity to run the cream separator, the washing machine, the feed grinder, and all the other machines needed on the farm.

The first responsibility of this Congress, the Rural Electrification Administration, and all the REA associations is to get electricity to all the farmers. I believe there is some just criticism due some of these groups for the slowness of their program and their lack of concern for the farm family struggling along without electricity. The Rural Electrification Administration should not be assigned another job until it finishes this one. I have regularly and consistently supported the appropriations to bring electricity to rural America. I expect to continue to do so.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Chairman, I supported this bill in committee and I support it now. It is my feeling that there is great need for legislation of this kind. It is my belief that it will bring telephone service to thousands of rural families throughout the country who will never obtain telephone service in any other manner.

Our rural people today enjoy most every convenience of this modern age with the exception of telephones. They either have or there is fast coming to them good roads and highways, good schools, electricity, and radio. On the other hand there are thousands who hold out no hope for telephone service unless this bill becomes law.

The Rural Electrification Administration has been one of the most successful agencies of our Government. The blessings which have been brought to our farm people through this agency are untold. Yet, it has not cost the American taxpayer one dime. REA lines have not been constructed through grants from the Federal Government but through loans and loans only. The funds which have passed through the Rural Electrification Administration to REA cooperatives will eventually all be repaid with interest. In many instances payments have been made far ahead of schedule and only in a very few cases are the payments in arrears.

The purpose of this bill is to authorize and direct the Rural Electrification Administration to make loans very much

in a similar manner for the construction of rural telephone facilities. There will be no grants or gifts but loans and only loans. Every dime of the funds will be repaid with interest.

It is estimated that more than 57 percent of the farms of our country are without telephone service. I realize that there are many farms and rural families who would never enjoy or install telephone service even though a line was conveniently located. On the other hand, it is true that a very large percentage of those without the service would install same if the service were only made available.

In my own State there are 263,528 farms. According to the 1945 agricultural census only 3.7 percent, or 9,797, of those farms enjoy telephone service. I simply mention this in order to make known the great need for this service among my people.

In considering this bill, our committee gave very careful consideration to the matter of competition with existing companies. There is not a single member of the committee who wants to see competing lines and facilities set up in competition with an existing company that is providing or shows an honest intention of providing adequate telephone service to rural areas.

The committee has taken every step it thought necessary to protect private industry. Every amendment adopted by the committee was for this purpose. As has been stated by the author of the bill and others, no loans may be made to newly formed cooperatives for a period of 6 months after the bill goes into effect. This is to afford existing companies an opportunity of expansion.

There are now at least 33 States where certificates of convenience and necessity are required of telephone companies. Some of these have no jurisdiction over cooperatives. But almost all State legislatures will be in session next year and every State which desires to add its further safeguards to a prevention of duplication and competition by cooperatives may certainly do so by a simple act of the legislature. In any event, the bill requires a certificate of convenience and necessity from those States which now require such before the Administrator may make a loan under the authority in this bill.

There is a further effective safeguard in the bill that should not go unnoticed and upon which emphasis should be laid. It requires the Administrator to find and certify that the security for a loan is adequate and that the loan will be repaid when due. Therefore, I do not see how the Administrator could possibly make any such certification in the case of someone who wanted to set up a new telephone company with paralleling lines and in competition with one that is rendering even passing service.

Most significant is the fact that loans may be made to existing companies. And several independent companies have expressed to me personally their approval of the bill and state that they expect to expand their facilities under its authority. The authority for refinancing, which the committee put into the bill, is to help small companies who

need to refinance their present indebtedness at a lower rate in order to expand their present rural facilities.

It is my honest belief that the bill provides every safeguard and encouragement that can be provided for individual, privately owned telephone companies now in business and that the great majority of the loans will be made to such companies. If the bill does not provide the proper safeguards then I am not so wedded to its present language that I would refuse to support amendments to effect them.

Rural America is unquestionably supporting this legislation. They believe and we believe it will bring to them a service which they sorely need.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. MAHON].

Mr. MAHON. Mr. Chairman, I rise in support of the Poage telephone bill.

I realize that the time for debate is limited, but I wanted to raise my voice in support of this measure. I hope the House of Representatives will pass it today and without amendments which would tend to interfere with the success of the program.

A relatively small percentage of the rural homes of America have telephone service—less than 18 percent in Texas, I believe. The fact is, as has been pointed out, that a smaller percentage of the rural homes of America have telephone service today than 25 years ago. This is true in spite of the fact that the need for telephone service is becoming increasingly more important.

I shall leave it to the gentleman from Texas [Mr. POAGE] and other members of the committee to discuss the detailed provisions of the bill. I trust the House will take favorable action today and that this bill may become the law and contribute, as I know it will, to the health, security, and happiness of the rural people of the United States.

Mr. POAGE. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. WHITE].

Mr. WHITE of California. Mr. Chairman, as far as the necessity for this measure is concerned, may I say that I am a farmer myself and I have been through an experience which to my mind thoroughly justifies this legislation.

I operate a farm, or a ranch, as we call it in California, 20 miles from the nearest town. In the early part of the war we had no telephone. The previous owner of the property never went to the expense of putting one in. We had such a terrible time getting parts for our farm machinery during the war that I found it would pay to go to the very heavy expense of putting in a telephone to keep from running back and forth in an automobile between the town and the ranch, a round trip of 40 miles. I think that same thing applies to every farmer who has to make trips back and forth to town when he does not have a telephone. I believe it is an economic saving to the farmer. Since the Government is more or less subsidizing the income of the farmers anyway, I believe the Government would make an over-all saving to go along on this piece of legislation and

subsidize the putting in of these telephones.

As far as the interest rate is concerned, we must all admit that the interest rate is lower than the commercial rate, but certainly since we are subsidizing the farmers anyway, it does not appear out of line to go along at this rate of interest.

I hope that the Members of Congress will not be misled by the tremendous flood of telegrams being received in Washington from the so-called independent telephone companies. If you are familiar with the situation I am sure you know that every small telephone company, to have any standing with its subscribers, must have a contract with Mother Bell, as we call her, which is the familiar name applied to the American Telephone & Telegraph Co. Unless those independent companies are able to make a contract with the American Telephone & Telegraph Co., they, of course, cannot operate and cannot get subscribers who will pay a monthly bill. Obviously, the parent company, the national company, maintains a certain amount of control over these independent companies. It is my observation and feeling that the independent telephone companies which have been sending these telegrams here have been sending them under pressure. Certainly a small independent company should not object to the Government's generosity in providing operating capital at the rate of 2 percent. As a matter of fact the American Telephone & Telegraph Co. certainly should not object to that generosity for they, too, are eligible to borrow at that tremendously low figure and could, as I see it, reduce their rates with such a low interest rate.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. WHITE of California. I yield.

Mr. WHITE of Idaho. Is it not a matter of fact that the quotation of Bell stock on the market was \$170 for a bond carrying about 3 percent and that they are almost up to the price where they could really get money for about 2 percent or less in the commercial market.

Mr. WHITE of California. I am not currently posted on those particular bonds, and, therefore, cannot answer the gentleman's question.

Before closing, I would like to leave this message with my liberal Democratic friends on my right, with reference to the matter of recriminations, and punitive votes on this particular piece of legislation which I understand has been rumored. I urge each and every one of you to put that thought out of your mind because this is a national issue. I certainly hope that if you want to punish somebody you will wait until the district of the particular gentleman is involved, and not try to punish everybody in the party in voting on national legislation, which involves the farmers of the country.

Mr. HOPE. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this is a bill which has been studied very carefully by both the subcommittee and the full Committee on Agriculture. Extensive hearings were held on it, which hearings were attended by representatives of both the Bell and independent telephone companies. They

were given full opportunity to make suggestions and to suggest amendments to the bill.

As a matter of fact, a number of amendments which were suggested by the telephone industry are incorporated in the present bill. I believe the bill ought to be enacted in its present form. I think it is entirely satisfactory. I do not believe it will in any way in its present form affect any rural telephone company which is now in existence and which is rendering efficient and reliable service or which is covering the territory in which it operates. I believe it will have the effect of making it possible for thousands of existing rural telephone companies to really give effective service to their patrons. Under the provisions of the bill, as you will note, existing rural telephone companies have a preference so far as getting loans is concerned. There are thousands of them at the present time, merely struggling along rendering very poor service. They have no opportunity except that afforded by this bill if it is passed, to furnish anything like good service in their communities. Their problem is principally a problem of finances. They are in communities which do not offer anything attractive in the way of an investment for the Bell Telephone Co., except in certain isolated areas where they may come in and skim off the cream. They are in areas where the local companies which are already in there are not able to secure finances to enable them to make necessary improvements and to render efficient service.

If this legislation is passed and loans for 35 years at 2 percent are made available, practically every one of those companies will be able to refinance itself and to furnish adequate telephone service to the communities in which they are operating.

I know of no service which can be rendered in any rural community today that is of greater importance than the establishment of good, reliable telephone service. The farm home is not only a home but it is an important business establishment. The farmers today are in a situation where they need a telephone to carry on their business operations to the same extent as a businessman in town. If we can afford an opportunity to furnish this service at a cost which they can afford to pay, I know of no greater social or economic help that could be afforded.

I can understand how some Members of this House might be concerned about this bill because there has been a great deal of false and misleading propaganda circulated concerning its provisions. A great deal of that propaganda is based upon provisions that are not now contained in the bill. In other cases there is a misunderstanding of what the legislation now provides. Some Members of this House, who are entirely familiar with the REA program and who have supported that program through and through, have expressed some doubts about this program. I say to you it is exactly the same thing. If the REA is sound, if the REA is desirable, then this is equally sound and desirable.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. HOPE. Mr. Chairman, I yield myself two additional minutes.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. JENSEN. On page 4 of the bill, I notice this language:

That, for 6 months from and after the effective date of this act, no applications for loans shall be received by the Administrator except from persons who on the effective date of this act are engaged in the operation of existing telephone service in rural areas.

That means that the telephone companies that are in existence today have only 6 months to improve their service before an application could be made to give them competition. Does not the gentleman feel that that time should be extended at least to 18 months or 2 years?

Mr. HOPE. No. I think the gentleman has misconstrued the language. All that this means is that nobody can make application for 6 months except a rural telephone company now operating.

Mr. JENSEN. I understand that.

Mr. HOPE. Does not the gentleman think that is sufficient time?

Mr. JENSEN. No; I do not think so.

Mr. HOPE. Even after this 6 months an existing company will still have a preference. That preference does not end with this 6 months; they continue to have it.

Mr. JENSEN. I still think the time should be extended to at least 18 months.

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Tennessee [Mr. EVINS].

Mr. EVINS. Mr. Chairman, this bill is needed and meritorious. I rise to support this legislation and should like to congratulate and commend our distinguished colleague from Texas, chairman of the subcommittee, Mr. POAGE, the author of this bill, who has worked on it so diligently, also the members of the committee. I think it is meritorious legislation and a bill that should pass. Let me recite an instance which will serve to illustrate why I am supporting this legislation. Last summer, in visiting over my district, the people of Frankewing, a community of 300 people in Giles County, near the Alabama line, called to my attention their great need for telephone service, several citizens insisted that their rural telephone problem was a very serious one. They said they had not one telephone in their community, not a single telephone in a community of 300 people. They asked me if I could help them. I, of course, assured them I would do what I could to see that telephone service was furnished to them. I went to the county seat of Giles County—Pulaski—to the office of the Southern Bell Telephone Co., and told them of the situation in that community of 300 people without a single telephone and urged and insisted that such service be extended. There had been a storm 3 months previously which had destroyed the line some 10 or 12 miles away. I asked them to do all they

possibly could under the circumstances to see that adequate telephone service was furnished to these people. Officials said they would have to take that up with their Nashville, Tenn., office. I visited the Nashville office, following up the matter and checked into it, and asked them to try to do something. They stated that they had many more applications than they could possibly fill, that they did not have adequate equipment and facilities, and that they could not take care of this request.

I had a similar request for rural telephone service from farmers and other citizens at Flintville, Lincoln County, in my district. Here there exists also need for rural telephone service. The people there had applied to the Southern Telephone Co. or any other telephone company that would move in, to provide the needed service. But such service has not been provided. The need continues to exist.

These are only two of the many instances that illustrate the need for the passage of this bill. I have no other alternative, and am pleased to support this legislation.

It seems, Mr. Chairman, that when we get into the subject of modernizing farms in this country and extending some of the conveniences and necessities of city life to our farmers, we run into a curious situation so far as the tremendous progress we have already made along this line is concerned.

Through the Rural Electrification Administration and its growing network of power lines we have, as we all know, made vast and essential improvements in farm life. A farmer can now come in from his work at noontime, tune in his radio, and while he waits for dinner hear broadcasts of events of vast importance almost as quickly as they happen. Yet, in the great majority of cases, that same farmer, with all his modern electric equipment, is unable to pick up his telephone and call a doctor if his child is stricken critically ill.

The measure we are considering here today to make telephone service available in rural areas in no way proposes any revolutionary methods. In fact, just the opposite is true, yet we are hearing some of the same arguments advanced today which were used when the REA program was proposed. But, so far as I know, practically every argument used to fight REA has been dissipated through the successful, businesslike operation of the rural electric power program. REA has been proved to be one of the soundest, most businesslike operations in our Government today and what is proposed in this bill is only a desirable and essential extension of that REA service.

This bill simply proposes to utilize the vast electric power facilities and the established resources of the REA to take telephone service into rural areas—which in this modern age are isolated in many instances from any source of assistance in time of need and which may not operate the normal business life in a normal way. This service proposed today would be paid for by the grateful recipient—the Government would not be giving telephones to our farmers, but

merely giving them a chance to have—and to pay for—a service which in our cities and urban areas is looked upon not as a luxury or even the suggestion of a luxury—but as a real necessity.

Telephones cannot be accomplished on an individual basis. If that were the case, there would be telephones in Frankewing and Flintville and in many other of our fine rural communities and sections. To these people who wish and need telephone service, the price of extending the lines for many miles is prohibitive. The cost of such an operation is prohibitive also to private telephone companies which operate efficiently in urban areas, but, even so, these rural people should not be denied a service which is regarded elsewhere as a basic business and personal necessity. Private companies have absolutely declined to extend their service here upon request.

It is not necessary for these people to go without telephone service, if we will here today make it possible for the resources of our Government to be made available—to be allowed to step in and help these people finance the extension of telephone service to their farm homes and rural communities. These people will gladly bear the cost and pay the Government back with acceptable interest. The same thing is going on all over rural America with regard to REA lines, which have more than proved their worth and soundness over the 13 years of operation.

Private independent telephone companies are not going to provide this service—they cannot do it. Only the Federal Government can do it.

There is a vast difference of opinion as to the actual number of rural telephones in use in the country today. In hearings before the House Committee on Agriculture, which has made an extensive study of this question, spokesmen for certain independent telephone companies testified that rural telephone service is now available to about 75 percent of the occupied farms in the United States. To those of us acquainted with conditions in rural sections, those figures are somewhat hard to swallow. The committee also refused to accept these figures and took sharp issue thereon.

If the adequate telephone service to farms and not the mere possession of a telephone instrument is to be taken as the criterion—

The committee concluded and so stated in its report on this measure—

the figure of 42.2 percent of farms served as of January 1, 1949 * * * is exceedingly liberal and that probably considerably fewer than that percentage of farm homes are not receiving telephone service that is adequate by modern standards.

The committee evidently had in mind, as do many of us, the large number of crank-type telephones which are hanging silent and useless in many a farm house because the lines were never connected or, out of order, were never repaired.

The fact is, the percentage of farms without telephone service is so low as to be deplorable. Certainly there are fewer telephones in use in rural areas than there were in the years immediately following World War I.

In urban areas throughout the country telephones are plentiful—and yet a farmer cannot call a doctor; cannot pick up a telephone to transact his business, to buy and sell on a changing market; to order repairs and help when his farm machinery gets out of order and help is needed.

With our present-day methods it has been found that the same poles can be used for both power and telephone lines. Certainly nothing more efficient and economical can be envisioned than to let the telephone line follow the power line into the farm community and home.

As I have indicated, it is impossible for private companies to finance the rural telephone service. In hearings before the committee on this bill, it was brought out that financing by telephone companies is normally based on the so-called life cycle of its plant and equipment, uniformly considered to be 25 to 30 years. Certainly very few sources of credit are open to a business concern on a 25-year basis. Banks and other credit establishments are not interested in such long-term loans, and both types of credit institutions reflected their complete disinterest in the legislation when they did not even bother to send representatives to testify at hearings on this meritorious bill. The RFC is not interested in making 25-year loans. That leaves the Government as the only source of credit in this instance.

Nothing new or drastic has been suggested in this bill. The method proposed here—that is, the proposal to do the job through the REA—is one which we all know will work; it has been working for about 15 years—and certainly it meets the approval and commendation of all parties concerned. Telephone service on such a basis would be equally successful—and the Government would be rendering a great and fine and needed service—without expending huge sums of money with no return.

I sincerely trust, Mr. Chairman, that the approval of the House will be given to this measure which will prove of inestimable value in the progress of rural America. As we all know and recognize, prosperity of agriculture in America means prosperity of all America.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. THORNBERRY].

A JOB NEEDS TO BE DONE

Mr. THORNBERRY. Mr. Chairman, it is hard for me to believe that anyone who professes to have the interest of the American farmer at heart would not enthusiastically support H. R. 2960 which provides a program enabling the farmers of this country to obtain the rural telephone service that they have sorely needed for so long.

Before I went into a study of this measure, I was already convinced that reliable telephone service is an absolute necessity to the farmers of my district and of our Nation. But, until I had studied the facts and figures surrounding this bill, I did not realize that there exists such a deplorable lack of this essential service to our farmers.

The facts in the case do not point to progress in any form; but rather to backsliding on a job that needed to be done. For example, in my own State of Texas, in 1920 approximately 32 percent of the farms had telephone service. That, to be sure, is not a figure to be proud of—but, just listen to the figure for 1945. In 1945 only 17 percent of farms in Texas had telephone service. In other words, more than 83 percent of the farms of Texas are, today, without telephone service of any kind. That means 8 out of every 10 Texas farms are lacking in telephones. This fact alone is enough to convince me that H. R. 2960 should be passed. To be sure, a job needs to be done.

Fortunately for the farmers of my district in Texas, an earlier Congress made it possible for them to have electric power on their farms. And, now, this Congress has the splendid opportunity of assisting in bringing telephones to them. One Congress rescued the farmer from the hand pump and the oil lamp. We, today, can go the rest of the way and give them modern methods of communication. For one, I will consider it a privilege to have been a Member of a Congress that helped in doing this job that so badly needs to be done.

Surely no one will contend that the farmer needs less to communicate with the markets for his products than the merchant or producer who lives in the city.

And there is no one, I feel certain, who will say that the father and mother on the farm do not need, as immediate communication facilities for summoning medical aid for themselves and their children as parents living in the city.

There seems no doubt to me that the farmer needs a sure means of communication on which he can rely in times of emergency, as in the case of fire—just as does the city man.

And for the farm family just as for the city family, telephone service provides a link with neighbors and the outside world that can do much to increase the enjoyment and contentment of family living.

No; I am sure that there is not a person here in this Chamber today who would argue in this fashion against H. R. 2960.

I have attempted to approach this bill and the benefits it would provide from a positive angle—for, to me, it will offer not merely a convenience, but an absolute necessity to the farm areas of our Nation.

In providing this long-overdue service to our farm families, I do not feel that private enterprise will in any way be destroyed.

It is the hope of many of us who have studied this bill that much of the expansion and improvement of the rural telephone system for which it provides will be carried out by existing private companies within the framework of the private-enterprise system.

First of all, it gives any existing private company an exclusive period of 6 months after the date of this bill in which to file application for loans.

After the 6-month period has expired these same existing private companies, along with public bodies and co-ops, may

obtain loans from the REA to provide adequate telephone service for rural areas.

In other words, this measure provides that public credit shall be extended at a low rate of interest first to existing private companies to extend adequate telephone service to farmers in rural areas, and, secondly, if private telephone companies fail to take advantage of the availability of this credit, then farmer groups have the right to obtain loans for this service.

This is not a fight between free enterprise and socialism, but it is indeed a fight to preserve free enterprise against monopoly and socialism.

I urge this House today not only to assist the farmers of America, but to assist the whole economy of America by giving farmers the opportunity to engage in business with modern methods of communication and his family the opportunity to enjoy the wholesome life that comes in part from the neighborliness and knowledge dependent on adequate communication facilities.

I submit to you, gentlemen, that a job needs to be done, and that it is the duty and responsibility of all of us here today to see to it that it is done properly and expeditiously.

As the editor of the Taylor Times, one of the weekly papers in my Tenth District back in Texas, put it: "The fact remains that telephone service in the country is as important as it is in town."

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Virginia [Mr. ABBITT].

Mr. ABBITT. Mr. Chairman, I am wholeheartedly in support of this bill, H. R. 2960, the so-called rural telephone service bill and if it goes into effect will be of immeasurable help to the rural people of Virginia. The Rural Electrification Administration has done a splendid job in making possible the supplying of electric energy to the rural section of our country at a very nominal cost to the Government. It is agreed on all sides that the program has functioned smoothly, wisely, and to the best interest of the people as a whole.

The telephone bill authorizes the Rural Electrification Administration to make loans for the expansion and improvement of rural-telephone service under the same terms and conditions which it has employed for many years in making loans for rural electrification.

I desire to compliment Mr. Wickard, REA Administrator, for his wise and efficient administration.

The bill does not provide for Government ownership or operation of telephone facilities. It does provide that funds shall be made available on identical terms to private corporations, public agencies and cooperatives, giving present operators of telephone facilities a clear preference over all other types of applicants and preserving to the utmost the authority of State regulatory bodies over rates, service, and service areas.

The bill further provides that before making a loan the Administrator must find as a fact and certify that in his judgment the security therefore is reasonably adequate and such loan will be repaid within the time agreed, nor shall

the loan be made in any State that has a regulatory body—in Virginia the corporation commission—having authority to regulate telephone service and to require certificates of convenience and necessity to the applicant unless and until such certificate from such agency is first obtained. That is to say, that in Virginia an applicant for a loan before same could be approved and granted by the REA, the corporation commission would first have to certify that the contemplated service to be rendered was necessary, desirable, and not being rendered by any of the operators.

The loans will be available to the existing companies as well as new ones. The main purpose is to provide rural telephone service to all rural areas by making available the necessary financial assistance to private industry within the framework of the private enterprise system with full protection to existing operators who are or will render adequate service.

Unfortunately, in Virginia while we have 173,051 farms only 31,835 have telephone service.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Oklahoma [Mr. ALBERT].

Mr. ALBERT. Mr. Chairman, this is a bill to amend the Rural Electrification Act to authorize the Rural Electrification Administration, subject to certain definite limitations, to make loans for rural telephones. What I have just said probably appears to be so obvious from the bill itself and from the statements of other members of the committee as to make its repetition unnecessary.

This would be true, Mr. Chairman, were it not for the fact that, either through malice or misunderstanding, there is a widespread misapprehension as to the purposes and effect of this bill. For instance, I hold in my hand a ballot which has appeared in several newspapers. This ballot asks subscribers to complete it and send it to Members of Congress. One of the questions on this ballot is:

How do you feel about a Federal rural telephone administration, comparable to REA? (This would give Federal jobs to thousands more.)

Obviously this question cannot be germane to H. R. 2960. This bill does not establish a rural telephone administration. It creates no new agency of Government. It merely broadens the lending power of the REA to include rural telephone loans along lines similar to those now authorized for rural-electrification purposes.

To state that this additional authority in the REA will result in thousands of new Federal jobs is absurd. Such a statement either must have been born in a total disregard for the truth or was certainly prompted by the desire of malicious and greedy individuals to do through newspaper propaganda what in November last they miserably failed to accomplish at the polls. The truth is that the total number of employees of the Rural Electrification Administration is about eleven hundred. The employees of that Administration have never numbered as many as 2,000. The

legislation before us today will not create anything like 1,000 new Federal jobs.

It has been charged that this legislation will put the Federal Government in competition with private business. Nothing could be further from the truth. Every precaution has been taken in this bill to give existing companies and agencies serving rural patrons top priority in all instances. At the suggestion of representatives of telephone companies the language of this bill was changed in committee to list those now serving rural areas first in the sequence of those eligible for rural telephone loans. To make doubly sure that, so far as possible, existing organizations and individuals would do the job contemplated by this bill and to make absolutely certain that they would be given every priority and advantage, we have spelled out specifically in the legislation that only such persons will be permitted to file applications the first 6 months during which this act is in effect.

This legislation, Mr. Chairman, will be the very salvation of many small telephone companies in this country. It represents their only chance to procure the type of financing which the very nature of their business requires. What is more important, it represents the only means whereby thousands of rural Americans will be able to enjoy the benefits of telephone service. When this measure was before our committee I had a call from the operator of a small telephone company in my own county advising me that unless the bill was passed he would be unable to serve dozens of families in his area who were desperately pleading for telephone service.

The purpose of this bill is not to put the Federal Government in the telephone business. As expressed on page 11 of the committee report, it is hoped and expected that most of the expansion and improvement of the rural telephone system provided for in this bill will be carried out by private industry within the framework of the private enterprise system.

It has been charged that this legislation will give the Federal Government control over intrastate telephone utilities. The answer to this is that upon the recommendation of the National Association of public utility commissioners the bill was carefully drawn to insure that nothing in the legislation would deprive any such commission of any of its jurisdiction to regulate such service or the rates to be charged therefor. Going even further than the National Association of public utility commissioners had suggested, the committee adopted an amendment requiring, as a condition to receiving any loan under this act, a certificate of convenience and necessity in any State where such certificates are now or may hereafter be required.

The primary purpose of this legislation is of course to get telephones in the farm homes of America. It seeks to do this through a tried and proven system of long-term, low-interest-rate loans, a system which in the field of rural electrification has worked out beyond the fondest expectations of its most enthusiastic sponsors. It is a system which is paying its own way. More than this it has

brightened the homes and lightened the burdens of the farm families of America. It has done more than anything I know of to give the farm people of this country a feeling of personal dignity—a realization that they are not consigned to an inferior standard of living but, like their city brethren, are living in a twentieth century world.

Rural telephone service is a necessity. It is essential to the successful business operations of a farm. More than ever before farms are mechanized; they are electrified. These very improvements often require rapid communication. For instance, I know of many farmers who have deep-freeze units. The ability quickly to notify an electrician of a defect in the system might mean the difference between saving and losing the winter's store of food. This instance of the necessity of telephones in the business operations of a farm could be multiplied a thousand times.

Telephone service is needed to lessen the hazards of farm life. Farmers seldom live in concentrated communities. Their homes are generally isolated on their respective farms, often several miles from the nearest hospital or nearest fire station. Would anyone rearing children deny that he would feel insecure if he had no ready means of communication with his family doctor or with his neighbors? The peril of isolated living has unquestionably been one of the important factors in the great exodus of the farm population of this country to the cities in recent years.

There is nothing new in the philosophy contained in this bill. Our Government has recognized for nearly 15 years the necessity of making long-term loans to provide electric service on an area-coverage basis to farm communities. Living apart, as farmers generally do, the profits on services of this kind are too small to enable individuals or organizations to serve them on an area-coverage basis with ordinary short-term commercial loans. Yet for many years our Government has recognized that the people who raise our food and fiber are entitled to the essential services of modern life. This has been recognized by the Congress, not simply out of a desire to be of assistance to farmers but also out of a realization that a sound rural economy is essential to the strength and welfare of our country. To this end the Congress has provided many programs authorizing loans, and in some cases even grants, to help in providing these essential services to our rural areas which cannot possibly finance them through the means available to people living close together in urban communities. Many of these services have long since been recognized by everyone as normal and essential functions of our Government. This is certainly true of our rural mail service, which was once attacked as statism. It is true of our highway and farm-to-market road programs. It is true of our rural electric and many other programs.

Like all these things, rural telephones are a necessity. No one would ever suggest that America could remain the strongest nation on earth without her great agricultural economy. Nor would

anyone contend that rural life has not made a contribution to the sum total of American life, which is worth continuing. Yet all of this, Mr. Chairman, depends upon the willingness of men and women and boys and girls to live and work on the farms of this country. In this age of great technological developments farmers are not going to be satisfied with kerosene lamps and eighteenth century washtubs. They are not going to be willing to live in the country if they have to drive over rough or muddy roads to the market or to the hospital. They are not going to do it if they have to quit their work and drive to town every time a machine breaks down or every time the advice of a physician is needed.

Under this bill the job can be done through private business, through mutuals, through cooperatives, or otherwise. The important thing, so far as I am concerned, is that under this legislation the job will be done. I therefore urge its enactment without crippling amendments.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from West Virginia [Mr. BURNSIDE].

Mr. BURNSIDE. Mr. Speaker, a majority of this House has so often by its action shown its realization of the importance of farms to our national welfare that any further discussion of that subject would be repetitious. We have long ago come to the realization that a productive farm population with stable buying power is necessary to a strong economy and for the welfare of the Nation as a whole. Having admitted the importance of farm welfare, we now have an opportunity to do something about it by making another convenience available to the farmer. That opportunity is provided by H. R. 2960, the rural telephone bill.

Farmers need telephones.

Trapped at the end of an impassable muddy road, without electricity or telephones, the farmer would not be an effective worker, an intelligent citizen, or a happy member of society. Mud, darkness, and isolation simply are not conducive to such things. He needs roads so that he can take his products to market and bring back to his home the goods he needs for healthful, happy rural living. He needs electric power to supplement his handpower and horsepower in performing his farm chores. He needs electric lights to relieve his eyes of strain at night when he reads his newspaper, and to help his small sons and daughters study more effectively. He needs telephones to help him transact his business and to obtain quick action when an emergency requires the immediate services of a physician or policeman.

Our State road administrations are making progress toward providing farmers with passable year-round roads. The Federal rural electrification program is helping make electrical power available to farmers. To round off our aid to farmers, we need the rural telephone program provided for in H. R. 2960.

To the average American the telephone has become a necessity. It is necessary for finding the best places to buy and

sell; for ordering repairs for homes and equipment; for calling a doctor when someone is ill or injured; and for many other everyday and emergency uses. Urban areas are well-supplied with telephones, but in rural areas, where sparse population makes the need for telephone service greater, there is a woeful lack of such service. The House Committee on Agriculture estimates that only 42.2 percent of the farms of the United States are served by telephones, and that considerably less than that receive adequate, modern service.

In H. R. 2960 we have a workable method for making telephone service available in rural areas. It is not a hand-out. The telephone lines would be financed by Federal loans to private companies or cooperative enterprises, and the loans would be repaid—just as under the present rural electrification program. It would cost the Government nothing.

Neither would it be competition with private enterprise. In many instances, private companies have not been able to finance needed rural lines because to do so would require low-interest, long-term credit extending up to 25 or 30 years. Such loans cannot be obtained from private sources—the Government is the only agency in a position to extend credit of this type. The bill provides that during the first 6 months after this act goes into effect only existing private companies will be allowed to file applications for the loans. After that, either the existing companies, public bodies, or cooperatives will be eligible for the loans.

The program would not be expensive to administer and would not add a large number of people to the Federal pay roll, for it would be administered through the existing Rural Electrification Administration.

The combination of these two programs in the same agency would lead to the efficient and economical administration of both. The procedures would be the same as REA now uses for rural electrification—that is, the extension of low-interest, long-term loans to private companies or cooperatives. There is another connection between rural electrification and rural "telephonation"—modern technology has developed a method by which the same poles can be used for carrying both electric and telephone lines. Thus both telephone and electric service can be extended to rural areas at the same time.

I can see no good reason for controversy concerning this bill. The need is evident. The program contemplated will cause no permanent expense to the Government, and will not in any way interfere with private enterprise. It will not be costly to administer, for it will be carried out by the existing Rural Electrification Administration.

The rural-electrification program has proved that the type of program embodied in H. R. 2960 will work. It has shown that the farmer is willing and able to pay for services rendered. The time has come when we should extend the program to include telephone service, so that the modern farmer may have this modern convenience which he needs and deserves.

Mr. FOAGE. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. MAGEE].

Mr. MAGEE. Mr. Chairman, let me say at the outset that I am sick and tired of hearing the prophets of doom and disaster shout socialism every time some measure is being debated that is calculated to benefit the farmers of our country or the average men and women of our Nation. These sanctimonious scarecrows who shudder and shiver and seek to frighten us by such cries are the coupon clippers of the clever corporations or the hired servants of the soulless self-serving utilities.

It seems to me that there is too great a tendency in this country and sometimes in this Congress to debate by diatribe. If someone suggests legislation which would protect the weak; if it be suggested that we have wealth and resources sufficient in this country so that no one should be in want, then such person must bear the brunt of being called a Socialist or Communist. If, on the other hand, someone suggests that government has no place in business, that private industry and free enterprise are the only solutions to a sound economy, then such person may be called a Fascist.

I concede to any man the right to state fully and openly his honest beliefs. I believe it was Voltaire who once said when speaking of an opponent:

I hate that man's beliefs and will fight them with all my strength; but I will also fight to the death for his right to express those beliefs.

May the day come in this country when men can arise above petty jealousies, animosities, and political prejudices; when this country may become a great public forum, where men will debate the issues as men and not as mice.

I favor the pending bill, H. R. 2960, which seeks to amend the REA to provide for rural telephones. I shall not discuss the mechanics of this proposed legislation, as it has been and will be discussed fully by members of the committee. I prefer, rather, to talk of the social aspects involved.

Our Constitution was established to promote the general welfare of the people—not a few, but all. To me, good government, sound government, means the greatest good to the greatest number.

The First Congressional District of Missouri, which I represent, is the agricultural center of the United States. Perhaps I am a bit prejudiced in favor of farm people. I own the farm upon which I was born and after the First World War I homesteaded in the Big Horn Basin of Wyoming.

Cato, the Roman patriot, once said:

The agricultural population produces the bravest men, the most valiant soldiers, and a class of citizens the least of all given to evil designs.

That statement is as true today. Yes, I have faith in the industry of agriculture. Sometimes those who live in big places feel bigger on that account. They may acquire glibness of speech and the glamor of polished mannerisms; but they acquire these things at a price. Revolutions have been fought, in the main, by farmers and rail splitters. It

is they who fired the shot heard around the world. These are the men who fought at Bunker Hill, at Shiloh, and Vimy Ridge. From this class came Patrick Henry, Lincoln, and Jefferson. I have an abiding faith in the men and women of the rural districts, in the quiet of the country, out of the mad race for money, prestige, and power; far from the demands of business, out of the dusty highways where men struggle for the hollow praise of other men.

Yet as strongly as I feel for farm folks, I know that their interests, their lives, and their fortunes, are interdependent with the lives, occupations, and destinies of those who live in the big centers, and labor in the mills, the factories, and offices all over America. If we are to be true to our trust as legislators we will think of the interests of all, not a few, but all. That is the reason I supported public housing and slum clearance, even though neither is much of a problem in my district. That is the reason I support labor, even though labor constitutes only a small ratio of the total population in my district.

I support the proposed legislation because there is a real need for it, not only in my section, but all over this Nation. Listen to this, members of the committee, approximately 50 years ago, my parents had telephone service on the farm I now own. For some 22 years there has been no service. That farm is 13 miles from the county seat where I live and for the 15 years I have owned that farm, it has been necessary for me to drive down there whenever I needed to talk to my tenant; and he had to make a 26-mile round trip whenever he wanted to ask me a simple question which could have been answered in 2 minutes over a telephone.

Just a few days ago I received a letter strongly protesting this bill. The writer stated that only backward areas were now without telephone service. Mr. Chairman, when I received that letter, I knew that Ananias was a piker, and that this man ought to be crowned king of the tall-story festival. It did not take me long to write that puerile, pusillanimous, pumpkin-headed, puny-minded puppet of the private utilities and inform him that my farm was not in the hinterland but on a hard-surfaced farm-to-market road and only 2 miles removed from a State highway. Some of the wealthiest and best farmers of my district have no telephone service. Instead of conditions getting better, they are getting worse, and they will continue to get worse if the telephone companies are left to their own devices.

Mr. Chairman, our farmers sorely need three things if they are to have the happiness and welfare they so richly deserve. They need all-weather roads. They need cheap power that only REA will provide. They need telephone service. They are as much entitled to these things as are the city dwellers. Think, if you will, of the situation when emergency illness strikes a farm family having no telephone. Someone must jump in a car and drive miles hunting a doctor. Even worse and more deplorable by far is the situation with those families having no automobile. But this is not all. Suppose the farmer has cream,

eggs, poultry, and other products that he usually markets weekly or oftener. If he has a phone, he can call stores in several small trading centers within a radius of 10 miles. He can go where the best price is paid, whereas he could not afford to drive from one town to the other. Suppose his tractor or other power equipment breaks down. He must have quick repairs or lose valuable time. A telephone could save him a day's traveling here and there. Supposing an important telegram comes to the nearest railroad station 10 or 15 miles distant. If it cannot be called, it will be sent by rural delivery and arrive 1 or 2 days later. Suppose in the busy farming season a valuable registered animal becomes ill. If the farmer cannot call the veterinarian, he must lose valuable time while he hunts one. He loses time from his work, and the delay may cause the loss of the animal.

Last but not least, think of the plight of the female progenitor who is unable to step to the telephone and keep up with the diseases of the day and the births of the Nation. Why, I have seen many a woman wear out shoe leather and a pair of legs traipsing over rough country terrain trying to keep posted on the neighborhood gossip; and the lack of a phone was the cause of it all.

The private power companies would not or could not give the farmers electricity; yet they objected to REA. They deny this, but I signed up over 4 years ago and my farm buildings have been wired 30 months and still we have nothing, because REA cannot get the power.

The telephone companies have seen fit to ignore the needs of some 55 or 60 percent of our farm families; yet they object to any plan which will solve this great need. These private utilities remind me of a dog my daughter once owned. His name was Blackie. He was kind and considerate to members of the family. He was grateful to those who paid tribute to him by gifts of bones. He was a gourmand of the first degree. He would feast until his belly bulged. However, if some half-starved tramp dog happened along and we offered that dog a bone, Blackie became a howling maniac. He became antisocial as well as anti-Socialist. He was a great believer in free enterprise and individual liberty; that is, for himself.

Over in England they used to tell a story about the beautiful Lady Rosemary, of the very highest of high society, who had never been kissed. The aggressive Lord Rushton finally introduced her to this very delightful pastime. It was a passionate, prolonged embrace. When Lady Rosemary finally came up for air, she said:

"Does everyone do this?"

"Yes," said the lord, "it's quite a common experience."

"And does everyone have the same delightful sensations that I do?"

"Yes; why do you ask?"

"Well," she said, "I think it is much too good for the working classes."

Perhaps it is on a similar theory that the private utilities feel that power and telephone service is too good for the farmers of this country.

Mr. Chairman, for many years there has been an exodus from the farms of our country. Our young people know what modern conveniences mean. They are unwilling to live on dirt roads which may be impassable for months each year. They are unwilling to spend evenings before oil lamps and drink milk that has been cooled only to the extent that comes when it is placed in a cellar or hung by bucket in a well. They are unwilling to live the life of a recluse that comes from being unable to converse with friends and neighbors over a telephone.

Our population is growing and in another quarter century it may be impossible to feed the people of our own country unless proper soil conservation is practiced and full use made of all our land. It has been my pleasure to travel extensively in every State of our Union. I know that thousands of acres of land are remaining idle because of the scarcity of farm help. Agriculture is our basic industry and upon its economy depends the economy of our whole people. We must make farm life attractive. Otherwise we face national disaster. I believe in a square deal for the American farmer and laboring man, for the hand that feeds and clothes the world is the hand of toil. This Nation rests upon the shoulders of its workers and I want them to have enough to eat, enough to wear, and enough to lay aside something for the ordinary misfortunes of life. I want them to have every modern convenience that is within reason.

Oh, I have been besieged with letters which stated that this bill is socialism and that it is but the first step toward communism. I can only say: "Shame upon any man or group of men who say this." Is it socialism to promote the general welfare? Is it socialism to give the farmer what his city cousin now has? Is it socialism to provide decent living conditions for any of our people? Yes, this cry was raised against the postal system, yet who would now argue that this most capable institution should be turned over to private ownership and control? The same cry was raised against social security and old-age assistance. It was raised against the Federal Reserve System, against child-welfare laws, against Federal aid for State highways, against vocational agriculture and all the laws which have been passed to give information to farmers on better farm practices. It has been raised against all regulatory laws, State or National, which sought to protect the people against corporate lust and greed.

Members of the Committee, let me say to you that communism cannot come in a country well housed, well nourished, and well fed; but all the repression in the world cannot prevent social upheaval, if the people perish from bad social and business institutions. The task before the country is to promote the general welfare of our people. If we do that our future is secure.

Mr. Chairman, we have come a long way in the development of agriculture and farm life. It has been a long way from the crooked stick with which our ancestors furrowed the soil up to the great gang plows of today. It has been

a long way from beating the grain from the hull by the use of crude clubs, up to the great combines of the present. It has been a long way from the ox team that used to draw the wooden plows, up to the modern tractor. It has been a long way from the thatched-roof cabin to the modern steam-heated home. It has been a long way from the forest trail to the modern concrete highway over which some farmers can now harvest their crops. It has been a long way from the burning flare to the tallow candle, to the oil lamp and to the incandescent light given us by Edison. It has been a long way from the wasteland and swamp to the modern farm.

Mr. Chairman, the question before us is not political. It is not sectional. It is a question of progress or stagnation.

Let us pass this most worthy and necessary legislation, that all of our farmers may take advantage of a most essential means of communication.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, of course I am heartily supporting this measure.

I think it is one of the most progressive steps that Congress has yet taken. Along with rural electrification, it will do more for the farmers of this Nation than anything else Congress has done for the last 50 years.

Rural electrification has done more to raise the standard of living of the American farmers than anything else this Government has ever done.

As I have said before, it has taken to the farmers everything the people have in the cities—except the noise and city taxes.

If this measure is passed, providing for telephone service, it will be another milestone in the progress for the farmers of America.

If I had my way, we would have a rural power line to every farmer's house, a mail box at every farmer's door, and a telephone in every farm home.

That would do more to strengthen our country, and to promote national prosperity than anything else that has been done, or attempted.

I congratulate the distinguished gentleman from Texas [Mr. POAGE] and the other members of his committee for bringing this measure to the House.

I trust it will pass without a dissenting vote.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, somehow or other coming up here to speak in this room seems entirely different than going down into the well of the regular Chamber in the House. I do not know that I will be able to add very much to the discussion that has taken place, but there are a few points I want to mention.

The first is that in many communities where REA lines have gone in, the building of those lines alongside of existing rural telephone lines has destroyed the telephone service. That was true on a

rural telephone line in my home community. The line was built some time ago; it was not a metallicized line. The running of the high line for the REA destroyed the telephone service. The people who were responsible for the financing of the telephone line were not immediately able to finance the changing of the telephone line and the metallicizing of it. That particular situation has now been corrected but it illustrates what happens. In equity, it would seem that the REA's should be responsible. A private power line would be but the REA's are not authorized to borrow money to metallicize telephone lines today. This bill offers one method of financing rural lines so that they can provide the modernizing necessary to improve the service where the REA has gone in.

That is one problem. But in many parts of my district, which in many respects is a new country, there are no telephone lines at all. I have a letter from the head of a community club who points out that his community has tried to get the commercial telephone company for years to do something to give them service, but it has been impossible to interest them in doing so. This bill will help places like that.

The number of farms in my congressional district served by telephone is only 37.5 percent and they are concentrated in a few counties. My district is a district of big distances, and yet the getting of a doctor or the getting of information to headquarters when there is a prairie fire or a forest fire is just as vital as where there are more people. We do need more telephone service.

With the understanding that I have of this bill and the amendments that will be offered we can do something constructive. We need action, first, to improve telephone service that has been injured or ruined by REA lines in some places; and, second, to make telephone service possible in rural communities that now do not have it.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. POAGE. Mr. Chairman, I yield the remainder of my time to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, as I read this bill and listen to the debate—argument on the part of some—my mind goes back 12 or 15 years and I recall the dramatic fight made in the House of Representatives when we were trying to put rural electrification through. I remember well the dire prophecies made at that time in opposition to it, and the statements that it was socialistic, that it would be destructive of private business, and that the passage of such legislation and appropriations to implement it would be destructive of our system of government and our way of life. Of course, that has gone by, and we now know that rural electrification is here, that it did not destroy private business but implemented private business and strengthened it. It brought service and efficiency, important to our national economy, and happiness to millions of persons who live in rural districts, a very important part of our national econ-

omy, and also very valuable citizens of our country.

Rural electrification is here to stay. It has been administered in a very able, efficient, and effective manner. I think private business in the main would oppose any effort to discontinue rural electrification or its extension where necessary throughout the country.

Today we come to another step which is a logical one to take, providing through the machinery of the Rural Electrification Administration loans for the purpose of providing rural telephone service. Of course, the rule of reason is going to apply to this the same as it has to the operations and administration of the Rural Electrification Administration. It is going to be an implementation of private business, not a challenge to private business. It is going to strengthen private business. It is going to increase the efficiency of our national economy. The farmer who will benefit as the result of the passage of this bill will be able to be a more effective individual and make a more important contribution to our national economy.

We now know telephones are not a luxury. Of course, where persons cannot afford them, they have to deny themselves because of the other financial demands made upon them in the conduct of the home and the family. But where a person is in a financial position where he can reasonably have a telephone, he finds that it is no longer a luxury; it is a necessity, not only from the angle of business but from the angle of happiness and contentment.

I have no farm in my district, but I am rather proud of my votes in relation to the farmers, and I think I can place my voting record against that of anyone who represents an agricultural district and who considers he has a perfect voting record.

I am not afraid of this bill. I am for it. Instead of being afraid of it, I applaud it. It is a natural step to make after rural electrification. In this intense age in which we are living, with its tremendous economic system, it is a natural follow-up of rural electrification. The committee has reported out a bill which has been very carefully considered. An amendment will be offered so as to assure on the State level that there will be no unreasonable, unfair, or improper competition with telephone companies already in existence. I do not think the amendment is necessary. The bill covers that, but nevertheless there is no harm in putting the amendment in because it will expressly set forth protection to telephone companies already in existence. I am absolutely in favor of this bill. There is nothing dangerous about it. It is a strong, healthy, normal, natural step to take. I hope the bill will be passed by this body and will quickly become law.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That it is hereby declared to be the policy of the Congress that adequate telephone service be made generally available in rural areas through the improve-

ment and expansion of existing telephone facilities and the construction and operation of such additional facilities as are required to assure the availability of adequate telephone service to the widest practicable number of rural users of such service. In order to effectuate this policy, the Rural Electrification Act of 1936 is amended as hereinafter provided.

Mr. SUTTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am a member of the Committee on Agriculture. I was there during the hearings on the bill. I offered an amendment in the full committee to strike out the section on page 4, line 1, starting with the words "and provided further" down through line 6, concluding with the word "areas".

The purpose of the amendment, which was defeated by one vote in the committee, is to do away with special class legislation, which I consider unconstitutional. This amendment by perchance was not in the first bill which we had on this rural telephone company, but was an amendment which was subscribed to and introduced by the American Telephone Co. to protect big interests. My idea on this bill is that it is a good bill. We need it. I do not think, however, that we ought to give 6 months' preference or priority to big companies to do away with the 2-percent interest to take care of the rural telephone situation. It so happens that at any time you have money at 2-percent interest your big businesses will gobble up all that money and will not give your co-ops a chance to build the telephone lines which are so badly needed, and the results of this bill.

I think we should not put this provision in the bill and should not give priority to any special class, but in turn should have it open for all to apply and let your Administrator determine the one who should be the borrower of this money to provide more telephones for the rural areas.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield.

Mr. YATES. I agree with the gentleman that this bill is a good bill in its intention. I intend to support it. I think, however, some amendments should be made to section 201. I should like to refer the gentleman's attention, inasmuch as he is on the Committee on Agriculture, to page 3 of the bill and the last proviso appearing on that page, starting at line 22 in which it is stated that the Administrator in making loans shall give preference to persons providing telephone service in rural areas and to public bodies, cooperatives, and so forth. It was my understanding that this bill seeks to give preference to all persons who shall provide telephone service in rural areas, whether they be private companies, public bodies, cooperatives, nonprofit companies, or otherwise. I frankly cannot understand what the language of that proviso means in seeking to give preference to persons providing telephone service in rural areas. Is it not the purpose of this bill to help all people who do that?

Mr. SUTTON. That is correct.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield.

Mr. ALBERT. That simply gives first priority to those who are operating at the time of the effective date of this act.

Mr. YATES. Where does it say that?

Mr. ALBERT. It says to give preference to persons "providing telephone service." That is in the present tense. It was put in for that express purpose. All the telephone companies came before the committee and requested it saying that the language as previously written did not give first priority to those who are now in the business. They said the sequence of language used in the bill indicated the order of preference. So we took those who are now giving telephone service and put them first on the list to make no mistake about the fact that top priority would be given to those companies, associations, and individuals in the business furnishing rural telephone service at the time of the effective date of the act.

Mr. YATES. If the gentleman will yield further, I would like to point out that that is not what the language says. The language says, "shall give preference to persons providing telephone service in rural areas." My understanding of the law is that the term "persons" includes public bodies, cooperatives, nonprofit institutions, and others as well. So that it is intended by this law that all persons who give telephone service in rural areas are to be given the benefits of this act. I think some clarifying language should be inserted, if that was the intention of those who drafted the bill, to give those private existing services preference.

Mr. ALBERT. The word "persons" includes every agency or individual that the gentleman has mentioned. It only distinguishes as between those who are giving it at the time the act becomes effective, and those who come into the picture later on.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. SUTTON] has expired.

Mr. YATES. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 5 minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. YATES. Will the gentleman yield further?

Mr. SUTTON. I yield.

Mr. YATES. Is it the intention of the committee, then, that private industry providing telephone service shall be given preference, or is it the intention of the committee that all persons providing that service shall be on a par?

Mr. ALBERT. All persons, including individuals, private companies, and everyone.

Mr. SUTTON. Mr. Chairman, I have no desire whatsoever to ruin this bill. I am for rural electrification and I am for rural telephones. This idea that some have advocated today, that there is some feeling toward some member of the Committee on Agriculture, or something—I do not believe such a thing exists in the House, to the extent that they would vote against a bill because of a personality.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield.

Mr. McCORMACK. There is nothing to that except that many of us are hopeful that some of our good friends will see the lightning by our very broad concept of our duty.

Mr. SUTTON. I thank the gentleman. I voted for rent control when it hurt me in my district. I voted for the housing bill when it hurt me in my district. I voted to repeal the Taft-Hartley law when it hurt me in my district. I knew my country needed it. So, perchance, my distinguished majority leader and others will look on this national program like I am on this telephone bill. It is a national need. Perhaps it affects my district more than it does the district of the distinguished majority leader, or other districts. The distinguished majority leader believes in national policies like I do. As a result, he votes to help other districts just as I try to do, the same thing.

I do not believe the House of Representatives will do otherwise. Our great majority leader is our leader. He leads us along that line. I am offering this amendment, when the proper time comes, to strike out this provision, to try to help the co-ops throughout the country and try to help the farmers to get telephones, because private concerns up to date have not put telephones in the remote areas. If you give them this 6 months' preference to borrow all the money they can get, we will not get any more telephones in those remote areas than we have today. I hope that when this amendment is offered it will be agreed to, because I am trying to provide more telephones in the remote areas of the United States.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield.

Mr. YATES. In view of what the gentleman from Oklahoma has said to me, that it is the intention of the committee to give this preference at the present time to those who furnish the service, I am inclined to agree with the gentleman from Tennessee that there is no further need to give an additional 6 months' preference to those already giving the service.

Mr. SUTTON. That was my idea in the Committee on Agriculture. They have priority and they do not need this additional 6 months to be the only ones who can apply for this money.

I hope that when this amendment is presented it will be adopted and we will straighten out this bill.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield.

Mr. COOLEY. Is it not a fact, however, that without this provision in the bill, private companies would not, in all probability, get any loans at all, by authority of the bill, because the co-ops would then come in and make application for all the available money, and the private companies would be left entirely out of the picture.

Mr. SUTTON. My interpretation to the chairman of my committee is found on page 3, lines 22, 23, 24, and 25:

Provided, however, That the Administrator, in making such loans, shall give persons providing telephone service in rural areas.

That means that existing companies already have the preference.

Mr. COOLEY. That is right. Suppose a private company were perfectly willing to provide the service?

Mr. SUTTON. They would still be given preference.

Mr. COOLEY. Not unless they were already in the area, serving the area.

Mr. SUTTON. Under this provision on page 4, no person, no concern, no co-op could even apply for a loan within 6 months; your existing companies would have priority. No one else could apply for them.

Mr. COOLEY. That is what the committee intended, to give an exclusive right to private companies for the first 6 months.

Mr. SUTTON. That is why I disagree as to that provision.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

WHOSE OX IS BEING GORED NOW?

Mr. MULTER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. Mr. Chairman, through most of this session we have heard much of the legislation that was offered attacked as socialistic, communistic, and sectionalistic. We have also heard attacks on subsidies to business.

Today I sat back and listened with considerable amusement to some of the men who shouted loudest about socialism and communism taking over our country if we enacted some of the bills that we passed. Some of these were the same voices that were raised against big-city legislation that this Congress has passed at this session. The exhibition of mental agility was fascinating to say the least, as these men established to their own satisfaction, that there was nothing sectionalistic, communistic, or socialistic about passing this bill to aid the establishment of a good rural telephone system in our country, and that Government aid to private enterprise to accomplish that purpose was not improper subsidization. I could easily bring myself to vote against this bill if I cared to adopt any of the puerile arguments urged against extension of rent controls and enactment of a slum clearance and public housing program.

Despite the fact that there is not a single farm in my district, nor, so far as I know, a single absentee farm owner living there, I will support this bill. I do so because I think it is a good bill and accomplishes for a part of the country something that the farmers need. I do it knowing that the largest part of the funds must come from the urban areas. It matters not whose ox is gored. I will cast my vote for or against legislation by determining what I think is good for

the country, knowing that what helps a part of the country helps all of the country.

Mr. JENNINGS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, we all have in mind the same objective; we are not out to tomahawk privately owned telephone companies; we are not out to hurt anybody; we are out to do the greatest good to the greatest number. I have in mind certain areas that are served by privately owned telephone companies. If they will extend their lines and render the people service by continuing and by extending lines under this proposed act then the people will have good service and we shall not have hurt private industry. On the other hand, I have a large area in my district served by a little company that is not affiliated with the Southern Bell Telephone & Telegraph Co. All in the world they want for this first 6 months' is an opportunity to take advantage of the loans that are obtainable under this act, and they will serve their people. So if you leave this language as it is in the bill, it has been carefully worked out by men who are interested in the public good, all will be well. It is not an easy matter to decide the proper thing to do about an amendment that is suddenly offered on the floor to a measure that has been carefully studied and drawn by good men and drawn in a manner that I believe will attract the most support from the membership of this body and render the greatest good to the people who are to be served. I hope that we do not hastily disturb the conclusion to which this fine body of men comprising this committee has come.

Mr. JONES of North Carolina. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this legislation to provide rural telephone service, with some assistance from the Government, appeals to me. I am heartily in favor of it. The need is very acute and means much to the improvement of the standard of living of the rural population involving as it does improved business contacts and much real joy and happiness to the home life of the countryside.

I have been impressed with the extreme pleasure and great benefit that comes to a family from installation of rural phones and rural electricity. I own a very good average farm of 330 acres which is adjacent to the city of Charlotte, N. C., where I live. The farm is located about 12 miles from Charlotte and is a better farm than I am entitled to own. In other words, it is a better farm than I am a farmer, inasmuch as I have spent the major part of my life practicing law. But I get a lot of pleasure out of the farm and do not lose too much money in my operations each year.

There is one real experience of genuine satisfaction that has come to me from my agricultural efforts the last few years. To wit: The revelation of what rural telephones and electricity, including radios, can bring to the lives of those good, hard-working, earnest farmers who produce our necessary farm products throughout the years. About 4 years ago

I realized what the workers on my farm were missing and that I was really negligent in not providing rural electricity and telephones for them. I did this at a relatively small cost and the result has been a genuine satisfaction to me which transcends the financial expenditure incurred.

I was at my farm last week end and was touched with the satisfaction of these good citizens. The radio was running, the telephone was ringing, and electricity incidental to farm life had really transformed the lives of my tenants, added to their efficiency, and saved them much physical labor. There were still the chickens, guineas, ducks, horses, calves, pigs, and other features that have always made farm life most attractive. So, with the additional benefits that have been added by way of electricity and telephone, I really felt that they were living on a better plane than I in the city of Charlotte and that I would improve my status by moving to the farm.

I am ashamed to say that my native State of North Carolina is very far behind in rural telephones, although we have the second greatest number of farms in any State in the Union. Texas, of course, is first with its very much larger area than the Tarheel State. North Carolina has 287,412 farms. Texas has 384,977 farms. North Carolina has only 14,539 people reporting telephones, which is just 5.1 percent of the population. Whereas, some of the States, like Illinois, run as high as 60.7 percent of the population. So, I hope that our people in North Carolina will take advantage of the opportunity provided by the passage of this bill, which I predict will pass, and greatly add to the number of telephones in our State, which is also true of many other States, especially in the South.

The terms are most reasonable—only 2 percent over a period of 35 years, to be loaned by the Rural Electrification Administration in the same efficient manner as the electrical installations have been handled, which have resulted in the extension of electricity to more than 4,000,000 rural customers who enjoy the blessings of this service at a very reasonable price. The loans will be made not only to individuals, but to independent telephone companies which need assistance in the extension of service to rural homes. The loans will be so handled by the REA that it will not provide any unnecessary competition in rendering its services to any particular community or communities. It should not be necessary, and I am satisfied that the REA will manage the extension in such a way as to prevent any unfair competition which is most essential to a successful operation under the provisions of this bill.

In briefly investigating this bill, may I quote a statement made by the Honorable Charles F. Brannan, Secretary of Agriculture, before the subcommittee of the House Committee on Agriculture at one of its hearings on this important subject:

Ever since you have been talking, Mr. Chairman, and some other people have been talking, about a rural telephone bill, we in the Department of Agriculture have been ex-

tremely interested in it. We have been most anxious to see whether or not such a plan would be feasible and how it could be carried on with a minimum amount of expense and the least amount of administrative structure. We are certainly most anxious to contribute whatever we can to the success of whatever legislation the committee may finally recommend to the floor and would ultimately become law.

I do not think I should take the time of the committee this morning to recite the important arguments in favor of such legislation. I know they have been ably stated by Claude Wickard when he was over here and I am sure the Administrator of the REA and I know, they are being ably stated right now to the committee by Mr. Ellis and many other witnesses.

I would like to say to you this morning that we in the Department of Agriculture, and I personally, are very strongly in favor of some move in the direction of bringing to the rural people of this country equality and parity of living opportunities along with the rest of this Nation. Of all the items, it seems to me, to which farm people are entitled—perhaps entitled is not the correct word, but it is essential to giving them an opportunity to enjoy the standard of living which the rest of the people in this country are enjoying—one of the most important is telephone service.

Certainly they are even more in need of it than people who live in densely populated or semidensely populated communities. There the access to the facilities and to medical assistance and emergency types of assistance of all character is within shouting distance and can be reached in very short order by foot or by word of mouth. Out in the farm areas of this country there are many times that emergencies arise, which, without the aid of some quick means of communication, turn a simple accident into a very serious one and perhaps in some cases a fatality results.

In conclusion, I earnestly urge the passage of this bill for improved rural telephone service, knowing of what real value it will be to the rural life of America.

Mr. HORAN. Mr. Chairman, I am in favor of this bill and will, of course, support the pending amendments which will give ample protection to privately owned, independent telephone services. I could not adequately serve my own great State of Washington were I not for this bill. Ninety-three and five-tenths percent of the 79,887 farms in the State of Washington—according to the farm census of 1945—are electrified. However, the same census indicates that only 44.4 percent of the same number of farms have telephone service. In fact, the number of farms without telephones exceeds the number of farms in the State of Washington with telephones by almost 10,000. In other words, 35,502 farms have telephones, while the big total of 44,385 are without telephones. Nor has the situation improved very much since the 1920 census. That was a period of great farm prosperity and at that time 42.2 percent of the total farms in the State then had telephones. In 1945, 25 years later, the percentage has increased only 2.2 percent. I suggest that this percentage of rise in 25 years is eloquent. It points graphically to the fact that we have made small progress in the important field of rural communications.

Mr. SMITH of Ohio. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, this measure, H. R. 2960, provides for further encroachment by the Federal political authority upon freedom and private enterprise. Socialism marches on.

The Clerk read as follows:

SEC. 2. The Rural Electrification Act of 1936 is amended by inserting at the beginning thereof the caption: "Title I."

SEC. 3. Section 2 of the Rural Electrification Act of 1936 is amended by inserting after the word "service" the words "and for the purpose of furnishing and improving telephone service in rural areas"; and by inserting after the words "electrification of" the words "and the furnishing of adequate telephone service in."

SEC. 4. (a) Subsection (a) of section 3 of the Rural Electrification Act of 1936 is amended by inserting after the words "or systems" the words "and for the purpose of financing or refinancing the improvement, expansion, construction, acquisition, and operation of facilities to render telephone service."

(b) Subsection (c) of section 3 of the Rural Electrification Act of 1936 is amended by striking out the words "for the purposes of this act" and by inserting in lieu thereof the words "for loans for rural electrification pursuant to sections 4 and 5 of this title."

(c) Subsection (d) of section 3 of the Rural Electrification Act of 1936 is amended by inserting after the words "available for" the words "rural electrification."

(d) Subsection (e) of section 3 of the Rural Electrification Act of 1936 is amended by inserting after the word "sums" in the proviso the words "for rural electrification loans."

(e) Section 4 of the Rural Electrification Act of 1936 is amended by inserting after the words "to make loans" the words "for rural electrification."

(f) Section 7 of the Rural Electrification Act of 1936 is amended by inserting after the words "section 4" in the second paragraph thereof the words "or section 201 of this Act."

SEC. 5. The Rural Electrification Act of 1936 is further amended by adding the following new title:

"TITLE II

"SEC. 201. From such sums as are from time to time made available by the Congress to the Administrator for such purpose, pursuant to section 3 of the Rural Electrification Act of 1936, as amended, the Administrator is authorized and empowered to make loans under the same terms and conditions as are provided in section 4 of said act, for the purpose of financing or refinancing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems to furnish and improve telephone service in rural areas: *Provided, however,* That the Administrator, in making such loans, shall give preference to persons providing telephone service in rural areas, and in public bodies, cooperative, nonprofit, limited dividend, or mutual associations: *And provided further,* That for 6 months from and after the effective date of this act, no applications for loans shall be received by the Administrator except from persons who on the effective date of this act are engaged in the operation of existing telephone service in rural areas. The Administrator in making such loans shall, insofar as possible, obtain assurance that the telephone service to be furnished or improved thereby will be made available to the widest practicable number of rural users. When it is determined by the Administrator to be necessary in order to furnish or improve telephone service in rural areas, such loans may be made for the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems without

regard to their geographical location. Loans under this section shall not be made unless the Administrator finds and certifies that in his judgment the security therefor is reasonably adequate and such loan will be repaid within the time agreed.

"SEC. 202. Nothing contained in this act shall be construed to deprive any State commission, board, or other agency of jurisdiction, under any State law, now or hereafter effective, to regulate telephone service which is not subject to regulation by the Federal Communications Commission, under the Communications Act of 1934, including the rates for such service.

"SEC. 203. As used in this title, the term 'telephone service' shall be deemed to mean any communication service whereby sounds, signals, signs, writing, or pictures of all kinds are transmitted or received with the use of electricity, including but not limited to wire, wireless, or wire carrier transmittal and reception, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean telegraph services or facilities, or radio broadcasting services or facilities within the meaning of section 3 (o) of the Communications Act of 1934, as amended."

Mr. POAGE (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendment.

The clerk read as follows:

Committee amendment:

Page 4, line 18, after the word "agreed", insert the following: "nor shall such loan be made in any State which now has or may hereafter have a State regulatory body having authority to regulate telephone service and to require certificates of convenience and necessity to the applicant unless such certificate from such agency is first obtained."

Mr. GATHINGS. Mr. Chairman, I offer an amendment to the committee amendment.

The clerk read as follows:

Amendment offered by Mr. GATHINGS: On page 4, line 18, after the word "agreed", strike out the remainder of the sentence through line 23 and insert in lieu thereof the following: "nor shall any such loan be made in any State which now has or may hereafter have a State regulatory body having authority to regulate telephone service unless upon a finding made by such regulatory body that such loan will be in the public interest with respect to the development of telephone service in the community or area to be served."

Mr. CASE of South Dakota. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Is the gentleman's amendment offered as a substitute for the committee amendment?

The CHAIRMAN. The Chair would so understand, the way it is prepared.

Mr. GATHINGS. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GATHINGS. Mr. Chairman, I offered the amendment when we reached the point where the Clerk stopped reading. I sent it to the desk a few moments ago. I am not attempting to substitute

for any language that the gentleman in charge of the bill proposes.

The CHAIRMAN. The Chair would say that it is a proper substitute for the committee amendment.

Mr. JENNINGS. Mr. Chairman, a point of order.

Mr. CHAIRMAN. The gentleman will state it.

Mr. JENNINGS. The amendment that the gentleman now offers is in substance the same as the committee amendment which has just been read, and which I understand was adopted.

The CHAIRMAN. The gentleman from Arkansas had the right to offer his substitute. He was on his feet at the time.

Mr. GATHINGS. Mr. Chairman, I offer this amendment to bring out the very conclusions, in my judgment, that the Committee on Agriculture attempted to write into this bill when we read this bill for amendment in committee. It differs quite a bit from the amendment offered by the gentleman from Texas as a committee amendment. My amendment differs in that it would cover all of the 44 States that have State regulatory bodies having authority to issue certificates or who have authority to make loans to cooperatives. There are 4 States in this Union that have no State regulatory bodies whatever. The amendment actually written into the bill by the committee covers only 14 States of the Union, namely, Arkansas, California, Colorado, Maryland, Minnesota, New Hampshire, North Dakota, West Virginia, Wyoming, Alabama, Ohio, Oklahoma, North Carolina and Wisconsin. I am of the opinion that the amendment offered by the committee a moment ago applies only to 14 States of the Union. My amendment strikes out the words "convenience and necessity" and provides that it shall cover 44 States, all States in the Nation that do have such regulatory bodies.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from Colorado.

Mr. CARROLL. Does the gentleman know of any reason why the committee drafted this amendment to include only 15 instead of 44 States?

Mr. GATHINGS. I know of no action taken by the Committee on Agriculture on the amendment offered by the gentleman from Texas. I was not advised that the committee ever anticipated considering this specific amendment. When the original language of the bill was voted on it was the opinion of the committee that all 44 States would be included.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from Illinois.

Mr. YATES. With respect to the amendment offered by the committee and the gentleman's own amendment, what would be the effect of such amendments on States such as the one from which I come, where municipal corporations and cooperatives are not covered by regulation by a State regulatory body? As I understand the language of this amendment, it would require cooperatives and

municipal corporations which do not now have to go to the State regulatory commission for approval of their service or any branch of that service to come to the State regulatory agency in order to get approval for any loan, as I understand it, under the form of both amendments.

Mr. GATHINGS. The amendment offered by the gentleman from Texas uses the words "convenience and necessity," and applies, as I said, to 14 States. If you strike out the words "convenience and necessity" and adopt my amendment you would reach all 44 States that have regulatory bodies. There are only 14 States in the Nation that have authority to issue certificates of convenience and necessity to cooperatives. By using the words "convenience and necessity," as included in the amendment offered by the gentleman from Texas [Mr. POAGE], you narrow it down to 14 States. My amendment would let it be a real States rights amendment and let them go back to the States and have the State regulatory bodies pass on the applications.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Would not the gentleman's amendment put the Congress in the position of requiring a State to take certain action, charging the State with certain responsibility, which is beyond the scope of our legislative process?

Mr. GATHINGS. I disagree with the gentleman from Oklahoma. We just say that the State itself shall pass on it. The State has a better opportunity to appraise the situation. The agency is there for that purpose. This language is not going beyond the scope of the legislative prerogatives of Congress. It sets no precedent in that respect.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from North Carolina, the chairman of the Committee on Agriculture.

Mr. COOLEY. Suppose there is no regulatory body in the State, who then would be charged with the responsibility of making the decision to the effect that the application was in the interest of the general welfare?

Mr. GATHINGS. Under the terms of the bill, the people in those four States could make their applications to Washington until such time as those four States should pass legislation setting up such a body.

Mr. COOLEY. I did not have reference to the bill. I understand the bill. I am asking the gentleman, under his language, who would be charged with that responsibility?

Mr. GATHINGS. The amendment would in no wise affect States that do not have such State agencies. In those four States the Administrator of Rural Electrification would have the power to pass on all applications. My amendment could not give powers to a nonexistent State department.

I feel that the authority to pass on these applications is a State function. In this amendment we leave it up to the State body to make the determination whether the extension of the lines in any

locality is in the public interest. Congress has frequently utilized a State agency to administer Federal legislation. Under the Federal Motor Carriers Act of 1935 joint bodies were set up consisting of Federal and State and authorized by this Federal act to hear applications for certificates of convenience and necessity.

In road legislation which Congress enacts we write into the law that the State must match the funds dollar for dollar. This is nothing new. I trust that you will adopt this States' right amendment which will apply to all States that have provided agencies within their borders.

Mr. THOMPSON. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. THOMPSON. Mr. Chairman, I do not believe that anyone could represent a rural district and not favor the rural telephone legislation. I have listened with a great deal of interest to both sides of the debate this afternoon. I do not question the sincerity of those who are opposed, but I do observe that for the most part, they include men who have never lived out of reach of a telephone and a light switch. As a matter of fact, I doubt if very many of them ever drove an automobile on a muddy road. They simply do not know what they are talking about and they have not the slightest conception of the problem for which we are trying here today to find a solution.

The cry of socialism has been raised against the measure. That is always the first yell of the reactionary. It was raised against the first proposal to let the Federal Government do some harbor work. This was way back in the early years of the last century. It has been raised every time that anyone has tried to do something for the common man.

During the depression years, the Republican Administration, then in power, initiated the Reconstruction Finance Corporation for the purpose of bailing out some of the great financial institutions of the country. Millions and millions of dollars were poured into these institutions and most of them were saved. There was then no objection to Government participation. However, the depression was not cured, and this same Reconstruction Finance Corporation had to make some loans to smaller enterprises and finally to individuals—poor people who were out of work and going hungry. Then the cry of socialism was raised.

Agriculture was in a desperate condition. Those of us from the South remember very well 5-cent cotton. When the Democratic administration took the necessary steps to place agriculture on a parity with other important factors of our economy, the cry of socialism was again heard.

It was raised against the Rural Electrification Administration—the parent organization which will administer the rural telephones.

In the early days, the power companies objected to the Rural Electrification Administration. Today, so far as I know

they do not object at all and they regard the local co-ops as good customers. So, I cannot become too upset by the cry of socialism that is raised against the rural telephone proposal. It is not socialism at all. It is merely making available to the private operators of telephone exchanges the funds necessary to extend their lines into the back country areas which are not now being served. The Government is not going into the telephone business. It may advance the money to project the lines, but it will do so only after the most rigid investigation and upon satisfactory assurance that the new system will ultimately repay the loan and remain self-supporting.

I hope the measure will pass and if after it does my friends from the big cities have any doubt in their minds that it is a valuable measure, let me suggest that they convince themselves, by a very simple experiment, that these telephones are necessary and that if they themselves were in the places of our constituents they, too, would be in favor of them. Now, this is the experiment I wish they would perform:

Just disconnect the telephone at home and insist that wives and families live without its convenience for a period of 48 hours. Then, let them picture living without a telephone way off in the country. Suppose it was raining and the roads were impassable and one of the kids took sick. Suppose somebody cut an artery or had an acute attack of appendicitis. It would not be very nice living that way. Thousands of my people do. For us to put a helping hand under the elbow of each one of these is no more going to make Socialists of them than did rural electrification. On the contrary, this will simply be one more move toward making more secure that most essential backbone of our democratic way of life—the family farm.

Mr. HOPE. Mr. Chairman, I offer a perfecting amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE amending the committee amendment, by adding at the end thereof the following on page 4, line 23: "In a State in which there is no such agency or regulatory body legally authorized to issue such certificates to the applicant the Administrator shall determine, and his determination shall be final, that the loan sought to be obtained will not result in the duplication of telephone service to subscribers who are already receiving adequate and reliable telephone service."

Mr. HOPE. Mr. Chairman, this amendment is offered as a perfecting amendment to the committee amendment for the purpose of setting up in those States which do not have regulatory commissions, with authority to issue certificates of convenience and necessity, some method by which it can be determined that existing service which is adequate and reliable will not be duplicated. I take it that is what the gentleman from Arkansas is trying to do by his amendment, but I think he is going at it in the wrong way.

In the first place, as was said by the gentleman from Oklahoma in his interrogation of the gentleman from Arkansas, Congress is telling the States that

they must have their regulatory commissions assume powers which the State laws of those States do not give those commissions and must make determinations which they are not authorized to make by the laws of their own States. I submit that is a matter for the States themselves to determine. After we pass this legislation, if the State legislatures of any of these States think that there should be authority given the State commissions to deal with this subject, then, of course, it will be the right and prerogative of the State legislatures to do that.

But my amendment to the committee amendment, if adopted, takes care of the situation, I think, in a perfectly satisfactory way and takes care of the entire matter with respect to the possibility of duplication.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. YATES. Does not the gentleman think, however, that his purpose would be served by not adopting either the committee amendment or his amendment to the committee amendment? In that case will not the applicant assume that it is under the jurisdiction of the State regulatory body and will not such applicant be compelled to come to the State anyway for approval of either a loan or the extension of facilities? If the municipal corporation and cooperative is not under the jurisdiction of the State regulatory agency, it will not be compelled to do that. It will then only be compelled to go to the Administrator, who has the job of administering the loan.

Mr. HOPE. That will be the case under my amendment.

Mr. YATES. Well, you do not need either of the amendments, do you? If neither of them is adopted, it will still be the fact.

Mr. HOPE. My amendment, I think, answers the contention of some Members who are very serious and very conscientious, I think, in their desire to avoid the construction of duplicating lines and requires a finding to be made by the Administrator before a loan can be approved that there will not be a duplication of telephone service which is already adequate and reliable.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. COOLEY. Is it not a fact that if you eliminate the committee amendment and the gentleman's present proposal, then we would have absolutely no protection against duplication.

Mr. HOPE. That is correct.

Mr. COOLEY. And what the gentleman is doing now is trying to perfect the committee amendment so as to prevent duplication; is that not correct?

Mr. HOPE. Yes; and so as to cover the situation in those States which do not have laws requiring a certificate of convenience and necessity before construction can be undertaken.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Colorado.

Mr. CARROLL. I would like to have the benefit of the gentleman's experience in the rural-electrification program.

What is the procedure used today when they give a loan for rural electrification? Do they have to have a certificate of convenience?

Mr. HOPE. That depends upon the State laws. In some States it is required and in others it is not.

Mr. CARROLL. Is that not left to the discretion of the Administrator?

Mr. HOPE. Yes.

Mr. CARROLL. It would seem to me that the gentleman from Illinois [Mr. YATES] makes a very good point, that if it is left in those States that are not required to have a certificate of convenience, where there are no State regulatory bodies, the Administrator would make the determination. In my State, for example, where we have the certificate of convenience and necessity, they would undoubtedly have to clear with the State regulatory body. It would seem to me that both of these amendments are confusing and conflicting, and they change the Government policy.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. COOLEY. Is not that the very purpose of the gentleman's amendment, to require the Administrator to make a determination in States that have no such regulatory body?

Mr. HOPE. Of course that is exactly the purpose of this amendment.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. HOPE] has expired.

Mr. POAGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as author of the bill, I have no right to speak for anybody else, but I think the clarifying amendment offered by the gentleman from Kansas [Mr. HOPE], accomplishes every legitimate contention of protection. The committee amendment, as now written, clearly takes care of every case where the State law now authorizes or may hereafter authorize a State commission to make a finding requiring a certificate of convenience and necessity. In those States where the local law makes provision for a certificate, it is taken care of by the committee amendment. By the amendment offered by the gentleman from Kansas, in those States where the States have not seen fit to impose upon any State regulatory body such powers, we say that the Administrator of REA shall make the determination that the prospective construction would not result in undue duplication.

This Congress has the power to place duties on the Administrator of REA, but this Congress has no power to add additional duties, responsibilities, or rights to the regulatory bodies of the several States. The State of Tennessee, the State of Arkansas, the State of Kentucky, or any of the rest of them, has the right to establish for itself the kind of regulatory body that State wants, and impose upon those regulatory bodies such rights and powers as the State legislatures see fit. No action by this Congress can either add to or detract from the powers possessed by such a regulatory body. But we do say in this amendment that in the event a State does not see fit to make any provision for a find-

ing in regard to the question of necessity, then the Administrator must make a finding, and we say that his finding must be conclusive, because you must have finality to these things.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. GORE. Do I understand the gentleman to say that the committee amendment makes no material change? It is merely a recognition of the fact that in any State which has a regulatory body that does require a certificate of necessity and convenience before a loan can be made, then that custom must, of necessity, be followed anyway; and the committee amendment is only a restatement of that policy; but that in the States which do not have regulatory bodies, the amendment offered by the gentleman from Kansas then steps in and takes care of that?

Mr. POAGE. That is exactly correct. This Congress cannot go to the States and say to the regulatory bodies, "You must make a finding on this subject or that." If we attempt to do that, any court in this land would enjoin them, but we can require a finding by the REA Administrator, who is our own agent.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. ALBERT. Is it not also the intention in the committee amendment that in those States in which certificates of convenience and necessity are required, where certain institutions, such as municipalities, are exempt, that the committee amendment simply gives that authority, insofar as that authority now exists, to regulate the service?

Mr. POAGE. That is exactly correct. We recognize the State law. If a State wants to require that you go to the library board to get a certificate, you must do it. Whatever the State requires, we recognize the right of the State, and we will require you to conform to the State law before you come here to ask for any money.

This is merely a lending bill; it is not a regulatory bill. It merely sets out the terms on which the REA can make loans. We say that the first of these terms is that the applicant must comply with the laws of his State.

Mr. GATHINGS. I agree with the gentleman that the amendment offered by the gentleman from Kansas would fit in right behind the amendment offered by the gentleman from Texas [Mr. POAGE]; and I think that there should not be any duplication of lines. I think that in those four States that do not have regulatory bodies that they apply to the Administrator.

Mr. POAGE. My time has expired. I just want to say that as author of the bill and as one member of the committee I accept the amendment offered by the gentleman from Kansas, and will be glad to have the membership accept it, and vote it up.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word and rise in support of the amendment.

Mr. Chairman, I will be as brief as possible. It seems to me that the amendment offered by the gentleman from

Kansas [Mr. HOPE] to the Committee amendment, will take care of the situation fully and completely; and, certainly, if that amendment is adopted it would be wholly incompatible with the amendment offered by the gentleman from Arkansas [Mr. GATHINGS]. I believe that the Gathings amendment will be almost impossible to enforce, because the courts have found it very difficult to determine just what is meant by the words "in the public interest" all the way to the Supreme Court of the United States; they have found it very difficult.

If you are going to require anybody to make that sort of determination, in my opinion, you might as well defeat this measure, because you will so burden the applicant with the necessity of obtaining decisions and perhaps resisting injunctions that you never would be able to construct a rural line.

Under the committee amendment with the Hope amendment added, if you have a utilities commission in your State that is authorized to issue these certificates of convenience and necessity to cooperative telephone companies, then that certificate must be obtained; but if no such agency exists, then the administrator is charged with the responsibility of so finding.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. JENNINGS. Let us not get our feet tangled up on this proposition. The gentleman from Kansas [Mr. HOPE], the chairman of this committee, and Mr. POAGE, in my opinion, are exactly right; they wish to have it so fixed in this act that there shall not be duplicating telephone lines to the detriment and loss of everybody concerned. If you want that, then adopt the committee amendment and then the amendment offered by the gentleman from Kansas [Mr. HOPE] and you will have accomplished the thing that all of us have in mind.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Arkansas.

Mr. GATHINGS. How many States does the so-called committee amendment apply to?

Mr. COOLEY. The committee amendment, plus the Hope amendment, will cover every State in the Union.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. NICHOLSON. I wish to ask this question: In case there are no regulatory bodies in a State, the Administrator or the Federal Government can step in and grant these certificates. In my State, for instance, he would be able to do that over the wishes of the people of the State.

Mr. COOLEY. No.

Mr. NICHOLSON. Does not the State legislature have to pass some law?

Mr. COOLEY. The State legislature can create a regulatory body and charge it with the responsibility of requiring certificates of convenience and necessity before the building of a line.

Mr. NICHOLSON. But if we have not one, then the Federal Administrator can step in.

Mr. COOLEY. If the Hope amendment is adopted the Federal Administrator can step in and find that there is no duplication.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. CASE of South Dakota. The situation described by the gentleman from Massachusetts can be remedied by the State legislature providing a State board to pass on it.

Mr. COOLEY. That is exactly right.

In conclusion, Mr. Chairman, I hope that the Hope amendment will be adopted, that the committee amendment will be adopted, and that the Gathings amendment will be defeated.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, first, may I state what I understand the parliamentary situation to be.

The first vote will come on the Hope amendment to the committee amendment. It is in the nature of a perfecting amendment. The second vote will come on the Gathings substitute for the committee amendment, as it then may be, either perfected or in its original form. A final vote will come on the committee amendment in whatever form it may then be.

What is the situation the bill presents without any amendment at all? Without any amendment the Administrator will be empowered to make loans in any State merely upon a finding that the security is adequate and that the loan will probably be repaid. He will not have to find that there is a need for additional telephone service, or that the public interest will be served or anything of that sort. The only thing required by the bill in this sentence under amendment is that in the Administrator's judgment the security is reasonably adequate and that such loan will be repaid within the time agreed upon.

The committee amendment adds to that requirement by saying that if a State has a law that its board shall make a finding of convenience and necessity then the Administrator may not make a loan in such States until that board has made that finding of convenience and necessity. This seems desirable as far as it goes.

This would leave some States, however, without the necessity of any finding and without the Administrator making any finding in addition to this original finding of the adequacy of the security.

The Hope amendment therefore proposes to add to the committee amendment the proviso that in those States where a State board does not have this obligation under State law, the Administrator himself shall be required to find that in addition to adequate security there will be no duplication where reasonably adequate service exists. That amounts to a finding of convenience and necessity and is obviously desirable where a State does not itself make such a requirement.

The substitute amendment offered by the gentleman from Arkansas would require in lieu of either of these conditions that in any and all States a State board

should make a finding of public interest before a loan could be made.

In those States where the States do not have such a requirement, it would be a mandatory directive from the Federal Government superimposed upon the State. That may be beyond our powers and in any event is objectionable in principle. Not only that, but in those States where the set-up of the State board is such that it has no machinery for public hearings or no fund to conduct public hearings, the people would be helpless and would not be able to get any loan under this act.

Unless the State boards have the machinery and the means to conduct hearings and to make a finding of public interest, the people could be left helpless under the amendment offered by the gentleman from Arkansas.

It seems to me it is important, if you want to insure that there will not be duplication and that no injury will be done to existing lines, many of them mutual cooperative lines, that we should adopt the amendment offered by the committee with the perfecting amendment offered by the gentleman from Kansas [Mr. HOPE]. Bear in mind the vote on the Hope amendment will come first. Vote for that amendment, then vote down the substitute, then vote for the committee amendment as perfected.

Mr. O'HARA of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Minnesota.

Mr. O'HARA of Minnesota. I notice in the Hope amendment that the words "reliable service" are used. I wonder what that means?

Mr. JENNINGS. That is when you ring the bell and get the fellow you want to talk to.

Mr. CASE of South Dakota. The gentleman from Tennessee is both quick and correct as usual.

Mr. CUNNINGHAM. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Iowa.

Mr. CUNNINGHAM. If the committee amendment is adopted and the Hope amendment to the committee amendment is not adopted, would there not be a serious question whether or not any loans could be made in certain States?

Mr. CASE of South Dakota. I think that is a possibility. The danger would be even greater under the substitute amendment standing alone. Under that if a State failed to act, the Administrator's hands would be tied.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I had not intended to speak on this bill, but at this point I find myself quite confused. The gentleman from Ohio [Mr. SMITH], who is an expert on socialism, says this bill is socialistic. The gentleman from Texas [Mr. POAGE], whom I also recognize is an expert on socialism, says it is not. However, the gentleman from Texas contended that Government housing was socialism. Now, what I wonder is, do we have two brands of socialism? Do we have urban socialism and rural socialism? I happen to be a farmer, and my

district is about equally divided between urban population and rural population, and I sincerely believe that we need some sort of legislation to enable the farmer in this day and age to have a telephone. Farming has become mechanized, and if a tractor or a machine breaks down and the farmer has to drive 20 miles to get a part and finds that he cannot get it, he is at a tremendous disadvantage. He has lost valuable time. If he had had a phone, he could have called and saved the trip and the time.

I want to be fair about this thing. I do not want to vote for a so-called socialistic proposition like housing for my urban constituents and vote against an alleged socialistic proposition for my rural constituents. Again I wonder whether we have two brands of socialism. Is it socialism when you are against it and not socialism when you are for it?

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Pennsylvania.

Mr. GREEN. It might be a good idea for the gentleman to advise some of the members of the committee that we have to have houses to put telephones in.

Mr. HAYS of Ohio. Well, I thought of that. That is a very good statement. I would like to put some of the socialistic telephones in some of these socialistic houses we are going to build. We might as well be consistent about this thing. Consistency is a virtue, and I want to be virtuous.

I would like to point out to my more conservative southern brethren that a little consistency on their part might help. Let them not only be for something when it helps the South. Let them think of the country as a whole including the North. I will alleviate the suspense of the gentleman from Texas, the author of this bill, and tell him I will not be narrow and hold his inconsistency against him. I will vote for his bill because I believe as I believed about the housing bill, that it is good for the whole country.

Mr. STEFAN. Mr. Chairman, I ask unanimous consent that the Hope amendment be again read.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The Hope amendment was again read.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that all debate on the committee amendment and all amendments thereto do close in 15 minutes.

Mr. YATES. Mr. Chairman, reserving the right to object, I think that this particular amendment establishes a new policy if it becomes law, and I, for one, am constrained to object unless there is much greater consideration being given to it.

Mr. COOLEY. Mr. Chairman, I move that all debate on the committee amendment and all amendments thereto close in 15 minutes.

The question was taken; and on a division (demanded by Mr. YATES) there were—ayes 130, noes 21.

So the motion was agreed to.

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Mr. COOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PRICE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. BOGGS of Louisiana asked and was given permission to extend his remarks in the RECORD and include an editorial.

COMMITTEE ON AGRICULTURE

Mr. PACE. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file a report on the bill H. R. 29.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

COMMITTEE ON EDUCATION AND LABOR

Mr. KELLEY. Mr. Speaker, I ask unanimous consent that the subcommittee of the Committee on Education and Labor may sit during general debate during this week.

The SPEAKER. Is there objection to the gentleman from Pennsylvania?

There was no objection.

EXTENSION OF REMARKS

Mr. GREEN asked and was given permission to extend his remarks in the RECORD and include a speech made by the gentleman from Pennsylvania [Mr. DAVENPORT].

Mr. RABAUT asked and was given permission to extend his remarks in the RECORD and include a letter.

GENERAL LEAVE TO EXTEND

Mr. POAGE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to revise and extend their remarks on the pending rural telephone bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. HORAN asked and was given permission to extend his remarks in the RECORD.

Mr. VELDE asked and was given permission to extend his remarks in the RECORD.

Mr. NIXON (at the request of Mr. VELDE) was given permission to extend his remarks in the RECORD.

AIRPLANE ACCIDENTS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I have today introduced a resolution calling for an investigation and research into the accidents, or the causes of accidents, and especially looking for

sabotage on the five planes that crashed or nearly crashed within the last 5 days, which undoubtedly would have crashed if they had not been able to turn back to land.

In addition there is the case of the plane that crashed in Bombay, India, carrying down and killing 44 persons including many newspapermen and women and commentators whom we have known. The matter should be investigated at once. I hope the House will take early action on my resolution.

EXTENSION OF REMARKS

Mr. SHORT asked and was given permission to extend his remarks in the RECORD and include two brief newspaper articles.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 578. An act for the relief of Carlton C. Grant and others;

H. R. 599. An act for the relief of Victor R. Browning & Co., Inc.;

H. R. 2737. An act to establish the Medal for Humane Action for award to persons serving in or with the armed forces of the United States participating in the current military effort to supply necessities of life to the people of Berlin, Germany; and

H. J. Res. 287. Joint resolution extending section 1302 (a) of the Social Security Act, as amended, until June 30, 1950.

The SPEAKER announced his signature to an enrolled bill and a joint resolution of the Senate of the following titles:

S. 70. An act to make effective in the District Court for the Territory of Alaska rules promulgated by the Supreme Court of the United States governing pleading, practice, and procedure in the district courts of the United States; and

S. J. Res. 114. Joint resolution to provide an increase in the authorization for the Federal National Mortgage Association.

ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 7 minutes p. m.) the House adjourned until tomorrow, Wednesday, July 13, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

757. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated February 28, 1949, submitting a report, together with accompanying papers and an illustration on a review of reports on the Mississippi River between the Missouri River and Minneapolis, Minn., harbor facilities opposite Hamburg, Ill., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on September 16, 1946 (H. Doc. No. 254); to the Committee on Public Works and ordered to be printed with two illustrations.

758. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated December 29, 1948, submitting a report, together with accompanying papers and an illustration, on a review of reports on the White and Arkansas Rivers with reference to the Grand Prairie region, Arkansas, requested by a resolution of the Committee on Flood Control of the House of Representatives, adopted on December 18, 1945 (H. Doc. No. 255); to the Committee on Public Works and ordered to be printed with an illustration.

759. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated February 28, 1949, submitting a report, together with accompanying papers and an illustration, on a review of reports on Biloxi Harbor, Miss., with a view to providing a channel to deep water in Mississippi Sound along the east side of Deer Island and with a view to providing a channel to Ott Bayou from the channel leading to Back Bay, requested by resolutions of the Committee on Rivers and Harbors, House of Representatives, adopted on October 21, 1938, and February 11, 1941 (H. Doc. No. 256); to the Committee on Public Works and ordered to be printed with an illustration.

760. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated June 3, 1949, submitting a report, together with accompanying papers and an illustration, on a review of reports on the Mississippi River harbor facilities at Rock Island, Ill., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on September 18, 1945 (H. Doc. No. 257); to the Committee on Public Works and ordered to be printed with an illustration.

761. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated May 19, 1949, submitting a report, together with accompanying papers and an illustration, on a review of reports on Tampa Harbor, Fla., submitted in response to a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on March 21, 1945 (H. Doc. No. 258); to the Committee on Public Works and ordered to be printed with an illustration.

762. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the fiscal year 1950 and prior fiscal years in the amount of \$194,514,857.38, and proposed rescissions in the amount of \$31,300,000, together with certain proposed provisions pertaining to existing appropriations (H. Doc. No. 259); to the Committee on Appropriations and ordered to be printed.

763. A letter from the Acting Secretary of Commerce, transmitting a certification by the Administrator of Civil Aeronautics of the cost of rehabilitation and repair of damages caused by the United States Army Air Forces at the Memphis Municipal Airport, Memphis, Tenn., in the amount of \$112,174; to the Committee on Interstate and Foreign Commerce.

764. A letter from the Acting Secretary of Commerce, transmitting certifications by the Administrator of Civil Aeronautics of the cost of rehabilitation and repair of damages caused by the United States military forces at certain public airports; to the Committee on Interstate and Foreign Commerce.

765. A letter from the Archivist of the United States, transmitting a report on records proposed for disposal, and lists or schedules, or parts of lists or schedules covering records proposed for disposal by certain Government agencies; to the Committee on House Administration.

766. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated

February 3, 1949, submitting a report, together with accompanying papers and an illustration, on a review of reports on Bayfield Harbor, Wis., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on February 6, 1945 (H. Doc. No. 260); to the Committee on Public Works and ordered to be printed with one illustration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HERLONG: Committee on Post Office and Civil Service. H. R. 87. A bill relating to the promotion of veterans of World War II in the field service of the Post Office Department; with an amendment (Rept. No. 1010). Referred to the Committee of the Whole House on the State of the Union.

Mr. GRAHAM: Committee on the Judiciary. House Joint Resolution 2. Joint resolution proposing an amendment to the Constitution of the United States providing for the election of President and Vice President; with an amendment (Rept. No. 1011). Referred to the House Calendar.

Mr. LYLE: Committee on Rules. House Resolution 280. Resolution providing for the consideration of the bill (H. R. 4708) to amend the United Nations Participation Act of 1945; without amendment (Rept. No. 1012). Referred to the House Calendar.

Mr. KILDAY: Committee on Armed Services. H. R. 540. A bill to provide terminal leave pay for certain officers of the Navy and Marine Corps, and for other purposes; with an amendment (Rept. No. 1013). Referred to the Committee of the Whole House on the State of the Union.

Mr. KILDAY: Committee on Armed Services. H. R. 4050. A bill to authorize advances in pay to personnel of the Army, Navy, Air Force, and Marine Corps upon permanent change of station, and for other purposes; with an amendment (Rept. No. 1014). Referred to the Committee of the Whole House on the State of the Union.

Mr. DEGRAFFENRIED: Committee on Armed Services. H. R. 5238. A bill to authorize the adjustment of the lineal positions of certain officers of the naval service, and for other purposes; with an amendment (Rept. No. 1015). Referred to the Committee of the Whole House on the State of the Union.

Mr. KILDAY: Committee on Armed Services. S. 1639. An act to amend section 1452, Revised Statutes, relating to Presidential action on the proceedings and decisions of Navy retiring boards; without amendment (Rept. No. 1016). Referred to the Committee of the Whole House on the State of the Union.

Mr. WALTER: Committee on the Judiciary. Senate Concurrent Resolution 28. Concurrent resolution favoring the suspension of deportation of certain aliens; with an amendment (Rept. No. 1017). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. Senate Concurrent Resolution 29. Concurrent resolution favoring the suspension of deportation of certain aliens; without amendment (Rept. No. 1018). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. Senate Concurrent Resolution 31. Concurrent resolution favoring the suspension of deportation in certain cases; without amendment (Rept. No. 1019). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. Senate Concurrent Resolution 32. Concurrent resolution favoring the suspen-

sion of deportation of certain aliens; without amendment (Rept. No. 1020). Referred to the Committee of the Whole House.

Mr. CLEMENTE: Committee on Armed Services. H. R. 5508. A bill to amend the Army and Air Force Vitalization and Retirement Equalization Act of 1948; without amendment (Rept. No. 1021). Referred to the Committee of the Whole House on the State of the Union.

Mr. RIVERS: Committee on Armed Services. S. 1742. An act removing certain restrictions imposed by the act of March 8, 1888, on certain lands authorized by such act to be conveyed to the trustees of Porter Academy; without amendment (Rept. No. 1022). Referred to the Committee of the Whole House.

Mr. BURLESON: Committee on Foreign Affairs. H. R. 4022. A bill to extend the time for commencing the construction of a toll bridge across the Rio Grande at or near Rio Grande City, Tex., to July 31, 1950; without amendment (Rept. No. 1023). Referred to the House Calendar.

Mr. MORRIS: Committee on Public Lands. H. R. 4986. A bill to amend an act entitled "An act to provide for the adjustment of irrigation charges on the Flathead Indian irrigation project, Montana, and for other purposes," approved May 25, 1948; with an amendment (Rept. No. 1024). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRIS: Committee on Public Lands. H. R. 4762. A bill to amend title 25, section 247, of the Code of Laws of the United States of America, to empower the courts to remit or mitigate forfeitures; with an amendment (Rept. No. 1025). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRIS: Committee on Public Lands. H. R. 4025. A bill to transfer control over Indian tribal funds to the Indian tribes; with an amendment (Rept. No. 1026). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H. R. 29. A bill to amend the Agricultural Adjustment Act of 1938, as amended, to provide parity for tung nuts, and for other purposes; with an amendment (Rept. No. 1027). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CURTIS:

H. R. 5589. A bill to extend indefinitely the period in which title I of the Agricultural Act of 1948 shall be applicable; to the Committee on Agriculture.

By Mr. KEOGH:

H. R. 5590. A bill to amend the Nationality Act of 1940 with respect to the naturalization of alien spouses of American citizens employed by certain international organizations; to the Committee on the Judiciary.

By Mr. KING:

H. R. 5591. A bill to amend the Social Security Act, the Internal Revenue Code, and for other purposes; to the Committee on Ways and Means.

By Mr. O'SULLIVAN:

H. R. 5592. A bill to authorize the cancellation, adjustment, and collection of certain obligations due the United States, and for other purposes; to the Committee on Agriculture.

By Mr. SHORT:

H. R. 5593. A bill to promote economy and efficiency in the National Military Establishment by reorganization of the fiscal management of the National Military Establishment; to the Committee on Armed Services.

By Mr. SPENCE:

H. R. 5594. A bill to amend the Export-Import Bank Act of 1945, as amended (59 Stat. 526, 666; 61 Stat. 130), to vest in the Export-Import Bank of Washington the power to guarantee United States investments abroad; to the Committee on Banking and Currency.

H. R. 5595. A bill to amend the National Housing Act, as amended, and for other purposes; to the Committee on Banking and Currency.

H. R. 5596. A bill to amend title IV of the National Housing Act, as amended, and to amend the Federal Home Loan Bank Act, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mr. BAILEY:

H. R. 5597. A bill to authorize the Administrator of Veterans' Affairs to sell or lease oil and gas rights in the subsurface of the land on which is situated the Veterans' Administration facility at Clarksburg, W. Va.; to the Committee on Veterans' Affairs.

By Mr. RANKIN:

H. R. 5598. A bill to increase compensation for World War I presumptive service-connected cases, provide minimum ratings for service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and redefine the terms "line of duty" and "willful misconduct"; to the Committee on Veterans' Affairs.

By Mr. SUTTON:

H. R. 5599. A bill to repeal so much of the Hatch Act as prohibits certain officers and employees of the Federal and State Governments and members of the armed forces of the United States from taking an active part in political management or in political campaigns; to the Committee on House Administration.

By Mr. WEICHEL:

H. R. 5600. A bill to confirm and establish the titles of the States to lands beneath navigable waters within State boundaries and natural resources within such lands and waters and to provide for the use and control of said lands and resources; to the Committee on the Judiciary.

By Mr. WOODRUFF:

H. R. 5601. A bill to authorize the exchange of certain lands of the United States situated in Iosco County, Mich., for lands within the national forests of Michigan, and for other purposes; to the Committee on Agriculture.

By Mr. KEE:

H. R. 5602. A bill to strengthen and encourage the democratic forces in China by authorizing the Secretary of State to provide for the relief of Chinese students in the United States; to the Committee on Foreign Affairs.

By Mr. O'TOOLE:

H. R. 5603. A bill to provide for the amendment of the Fair Labor Standards Act of 1938, and for other purposes; to the Committee on Education and Labor.

By Mr. RANKIN (by request):

H. R. 5604. A bill to amend section 302 of the Servicemen's Readjustment Act of 1944, as amended; to the Committee on Veterans' Affairs.

By Mr. RHODES:

H. R. 5605. A bill to increase from \$600 to \$1,000 the income-tax exemptions of an individual taxpayer for himself and for his spouse or other first dependent; to the Committee on Ways and Means.

By Mr. RANKIN (by request):

H. R. 5606. A bill to facilitate cooperation of recognized organizations with the Veterans' Administration; to the Committee on Veterans' Affairs.

By Mr. KEE:

H. R. 5615. A bill to promote the foreign policy of the United States and to authorize participation in a cooperative endeavor for assisting in the development of economically

underdeveloped areas of the world; to the Committee on Foreign Affairs.

By Mr. RAINS:

H. R. 5616. A bill to amend the National Housing Act, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mrs. ROGERS of Massachusetts:

H. Res. 281. Resolution to authorize the Committee on Interstate and Foreign Commerce to sit and act during the present Congress at such times and places, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony, as it deems necessary; to the Committee on Rules.

By Mr. JACOBS:

H. Con. Res. 102. Concurrent resolution to provide for the attendance of a joint committee to represent the Congress at the eighty-third and final National Encampment of the Grand Army of the Republic; to the Committee on Rules.

H. Con. Res. 103. Concurrent resolution to provide funds for the expenses of the joint committee created pursuant to H. Con. Res. 102; to the Committee on House Administration.

By Mr. PATTEN:

H. Con. Res. 104. Concurrent resolution to seek development of the United Nations into a world federation; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADDONIZIO:

H. R. 5607. A bill for the relief of Mrs. Ellen J. Bourke; to the Committee on the Judiciary.

H. R. 5608. A bill to provide for the readmission of Antonia Paride Scavuzzo to United States citizenship; to the Committee on the Judiciary.

By Mr. D'EWART:

H. R. 5609. A bill authorizing the Secretary of the Interior to issue a patent in fee to B. M. (Bud) Phelps; to the Committee on Public Lands.

H. R. 5610. A bill authorizing the Secretary of the Interior to issue a patent in fee to Emma Phelps Glenn; to the Committee on Public Lands.

H. R. 5611. A bill authorizing the Secretary of the Interior to issue a patent in fee to Charles W. Phelps; to the Committee on Public Lands.

By Mr. PATTEN:

H. R. 5612. A bill for the relief of Mr. and Mrs. Charles R. Proctor; to the Committee on the Judiciary.

By Mrs. ST. GEORGE:

H. R. 5613. A bill for the relief of Boris Batchvaroff; to the Committee on the Judiciary.

By Mr. CARLYLE:

H. R. 5614. A bill for the relief of John S. Downing; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1282. By Mr. NORBLAD: Petition signed by Mrs. D. L. Clemens, of Lafayette, Oreg., and 13 other citizens of Yamhill County, Oreg., urging passage of a bill to prohibit the transportation of alcoholic-beverage advertising in interstate commerce and the broadcasting of alcoholic-beverage advertising over the radio; to the Committee on Interstate and Foreign Commerce.

1283. By the SPEAKER: Petition of Texas Sheep and Goat Raisers Association, Inc.,

San Angelo, Tex., relative to the bill S. 1821, and reaffirming deep interest, and requesting passage of this legislation, which would place mohair under the Wool Labeling Act; to the Committee on Agriculture.

1284. Also, petition of Veterans of Foreign Wars, Austin, Tex., requesting the extension of the period of time during which readjustment allowances may be paid until July 25, 1954, as embraced in H. R. 1374, or under some similar legislation; to the Committee on Veterans' Affairs.

1285. Also, petition of Mrs. Beulah Hand and others, Gainesville, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1286. Also, petition of Mrs. Arthur Clive and others, Orlando, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1287. Also, petition of J. H. Robert and others, Salina, Kans., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1288. Also, petition of Mrs. Ray Christie and others, Le Sueur, Minn., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1289. Also, petition of Charles W. Olcott and others, Portland, Oreg., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1290. Also, petition of Stella Ayers and others, Salem, Oreg., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1291. Also, petition of Gertrude Randall and others, Seattle, Wash., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1292. Also, petition of Jens Stenegaard and others, Seattle, Wash., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

SENATE

WEDNESDAY, JULY 13, 1949

(Legislative day of Thursday, June 2, 1949)

The Senate met, in executive session, at 12 o'clock meridian, on the expiration of the recess.

Rev. Bernard Braskamp, D. D., pastor of the Gunton Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou eternal God, whose blessings are abundantly adequate for all our needs, we pray that we may incarnate the spirit of the Master and seek to preserve the splendor and continuity of His ideals and principles as we try to build a nobler civilization.

We humbly confess that, in our struggles to surmount the obstacles which confront us in this high adventure, we so frequently place our confidence solely in human calculations and human ingenuity instead of appropriating by faith the spiritual resources which Thou hast placed at our disposal.

Grant that our own beloved country may be in the vanguard of the nations